

Jennifer Wood
Mayor

Chuck McGuire
Mayor Pro Tem

J. Carlos Gomez
Councilmember

Bill Smith
Councilmember

Rick Warren
Councilmember



AGENDA

CITY OF CALIFORNIA CITY SPECIAL MEETING CITY COUNCIL

**Tuesday, September 27, 2016
5:00 P.M.**

**Council Chambers
21000 Hacienda Blvd.
California City, Ca 93505**

If you need special assistance to participate in this meeting, please contact the City Clerk's office at (760) 373-7140. Notification of 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 American Disabilities Act Title II)

NOTE: Any writings or documents provided to a majority of the City Council regarding any item on this agenda is available for public inspection in the City Clerk's office at City Hall located at 21000 Hacienda Blvd, California City, Ca during normal business hours, except such documents that relate to closed session items or which are otherwise exempt from disclosure under applicable laws. These writings are also available for review in the public access binder in the Council Chambers at the time of the meeting.

LATE COMMUNICATIONS: Following the posting of the agenda any emails, writings or documents that the public would like to submit to the council must be received by the City Clerk no later than 3pm the Monday prior to the meeting. Past that deadline citizens may bring these items directly to the meeting. Please bring 10 copies for distribution to council, staff and the public.

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*****At this time, please take a moment to turn off your cell phones*****

5:00 P.M.
CLOSED SESSION

CALL TO ORDER

ROLL CALL

Councilmembers Gomez, Smith, Warren, Mayor Pro Tem McGuire, Mayor Wood

ADOPT AGENDA

PUBLIC COMMENTS

Members of the public are welcome to address the City Council only on those items on the Closed Session agenda. Each member of the public will be given three minutes to speak.

CLOSED SESSION

CS 1. Conference with Legal Counsel - Potential Litigation (1) Case; Pursuant to Cal Gov't Code §54956.9(d)2 (two cases)

CS 2. Conference with Legal Counsel - Potential Litigation (1) Case; Pursuant to Cal Gov't Code §54956.9(d)4 (one case)

REPORT OUT OF CLOSED SESSION

6:00 P.M.
REGULAR MEETING

ROLL CALL

Councilmembers Gomez, Smith, Warren, Mayor Pro Tem McGuire, Mayor Wood

PLEDGE OF ALLEGIANCE / INVOCATION

CITY CLERK REPORTS / LATE COMMUNICATIONS

PRESENTATIONS

City Treasurer Middleton – August 2016 Report

STAFF ANNOUNCEMENTS / REPORTS

Police Chief Hurtado – Department Update

Fire Chief Armstrong – Department Update

Public Works Director Platt – Department Update

Acting Finance Director Williams – Department Update

Recreation Supervisor Daverin – Department Update

Airport Manager King – Department Update

City Manager Weil – City Updates

CIVIC / COMMUNITY / ORGANIZATIONS ANNOUNCEMENTS

PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the City Council on any matter not on this agenda, and over which the City Council has jurisdiction. Please state your name for the record and limit your comments to three minutes.

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CONSENT CALENDAR

All items on the consent calendar are considered routine and non-controversial and will be approved by one motion if no member of the Council, staff or public wishes to comment or ask questions. (Public comments to be limited to three minutes) Roll call vote required.

CC 1. CITY CHECK REGISTERS: dated through 09/22/16

CC 2. MINUTES: Meeting dated 03/22/16

Waive reading of subject minutes, approve as written, and order filed.

CC 3. Adopt Conflict of Interest Code Resolution

CC 4. Adopt Integrated Regional Water Management Planning Grant Resolution

CC 5. Fire Department: Fire Station Exhaust System

CC 6. California City Chamber of Commerce FY 16/17 Budget

CONTINUED BUSINESS

CB 1. City Council: "Do Over" Policy – City Manager Weil

Recommendation

Council discuss, take public comments and make changes to the Council Policy as desired

CB 2. Police Department: Off-Highway Motor Vehicle Recreation Grant - Budget – Chief Hurtado

Recommendation

Council discuss, take public comments and accept budgets as presented

CB 3. Resolution: Medical Marijuana Application Process Fees – City Manager Weil

Recommendation

Council discuss, take public input and adopt resolution as presented

NEW BUSINESS

NB 1. Medical Marijuana Consultant Contract – City Manager Weil

Recommendation

Council discuss, take public comment and approve the contract with HdL Companies, authorizing the City Manager to execute all necessary documents

NB 2. Police Department: "Provider" Accreditation of Police Dept. TACMED Program – Chief Hurtado

Recommendation

Council discuss, take public comment and adopt corresponding resolution, authorize Police Chief to submit application and execute all necessary documents

NB 3. Finance Department: Audit FY 14/15 – Interim Finance Director Williams

Recommendation

Council discuss, take public comments, file report and earmark the \$275,000 in discretionary funds as outlined

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COUNCIL AGENDA

This portion of the meeting is reserved for council members to present information, announcements, and items that have come to their attention. The Brown Act precludes Council, staff or public discussion. Short staff responses are appropriate. The Council will take no formal action. A Council member may request the City Clerk to calendar an item for consideration at a future meeting, or refer an item to staff.

1) AB 1234 Reports

2) Council Items

Councilmember Gomez
Councilmember Smith
Councilmember Warren
Mayor Pro Tem McGuire
Mayor Wood

ADJOURNMENT

AFFIDAVIT OF POSTING: This agenda was posted on all official City bulletin boards, the City's website and agenda packets were completely accessible to the public at City Hall at least 72 hours prior to the Council Meeting.
Denise Hilliker, City Clerk

California City, California 93505
TREASURER'S MONTHLY REPORT OF INVESTMENT
August 2016

The general investment portfolio consists of funds for operations, capital improvement projects (CPI), water rate stabilization, administration replacements and reserves.

General Investment Accounts	Balance on 7/31/2016	Net Transactions	Balance on 8/31/2016	Percent of Total
Local Agency Investment Fund (122)	\$ 3,519,234	\$ -	\$ 3,519,234	42.11%
Kern County Investment Fund (20202)	\$ 4,024,522	\$ 7,570	\$ 4,032,092	48.25%
Sub-Total Investment Accounts	\$ 7,543,756	\$ 7,570	\$ 7,551,326	
General Operating Accounts	7/31/2016	Net Transactions	8/31/2016	
Bank of the Sierra -- General Checking	\$ 832,665	\$ (27,913)	\$ 804,752	9.63%
Petty Cash - City Hall	\$ 500	\$ -	\$ 500	0.01%
Petty Cash - City Manager	\$ 200	\$ -	\$ 200	0.00%
Petty Cash - Fire	\$ 250	\$ -	\$ 250	0.00%
Petty Cash - Police	\$ 250	\$ -	\$ 250	0.00%
Petty Cash - Parks & Recreation	\$ 100	\$ -	\$ 100	0.00%
Sub-Total Operating Accounts	\$ 833,965	\$ (27,913)	\$ 806,052	
Total City Operating Funds	\$ 8,377,722	\$ (20,343)	\$ 8,357,379	100.00%

Restricted Successor Agency Accounts				
Checking Account	7/31/2016	Net Transactions	8/31/2016	
Successor Agency -- Bank of the Sierra, Checking	\$ 585,599	\$ (363,997)	\$ 221,602	100.00%
Total Successor Agency Funds	\$ 585,599	\$ (363,997)	\$ 221,602	100.00%

Restricted SDI Agency Accounts				
Checking Account	7/31/2016	Net Transactions	8/31/2016	
(SDI) -- Bank of the Sierra, Checking	\$ 37,869	\$ -	\$ 37,869	0.04%
Sub-Total SDI Checking Account	\$ 37,869	\$ -	\$ 37,869	
Investment Account (Updated Monthly)	7/31/2016	Net Transactions	8/31/2016	
(SDI) US Bank Investments	\$ 85,942,944	\$ (12,289)	\$ 85,930,656	99.03%
(SDI) Certificate of Deposit with Mission Bank	\$ 800,602	\$ -	\$ 800,602	0.92%
Sub-Total SDI Investment Accounts	\$ 86,743,547	\$ (12,289)	\$ 86,731,258	
Total SDI Agency Funds	\$ 86,781,416	\$ (12,289)	\$ 86,769,127	100.00%

INVESTMENT POLICY

The Treasurer shall invest the City's monies as permitted in the City's approved investment policy. The Treasurer shall consider current and projected cash needs in making such investments.

* Contact City Treasurer for US Bank investment breakdown.

Keith L Middleton, Treasurer

presentation

California City, California 93505
TREASURER'S MONTHLY REPORT OF INVESTMENT
August 2016

US Bank		
Market Value Summary - CUSTODIAN ACCOUNT	7/31/2016	8/31/2016
Beginning Market Value	85,004,330	85,080,895
Ending Market Value	85,080,850	84,700,592
Investment Results	76,520	(380,303)
 Market Value Summary - REDEVELOPEMENT AGENCY PROJ AREA TAX	 7/31/2016	 8/31/2016
Beginning Market Value	6	6
Ending Market Value	6	-
Investment Results	-	(6)
 Market Value Summary - SUCCESSOR AGENCY Proj Area TAX INTEREST	 7/31/2016	 8/31/2016
Beginning Market Value	3	3
Ending Market Value	3	187,981
Investment Results	-	187,978
 Market Value Summary - SUCCESSOR AGENCY Proj Area TAX PRINCIPAL	 7/31/2016	 8/31/2016
Beginning Market Value	3	3
Ending Market Value	3	180,000
Investment Results	-	179,997
 Market Value Summary - SUCCESSOR AGENCY Proj Area TAX RESERVE	 7/31/2016	 8/31/2016
Beginning Market Value	862,082	862,082
Ending Market Value	862,082	862,082
Investment Results	-	-
 Grand Total	 85,942,944	 85,930,656

Report Criteria:

Report type: Invoice detail

Bank Bank Number = 1

Check Voided = no

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
09/16	09/12/2016	98280	Rojo, Payo	CPR Class	7923	180.00	180.00
Total 98280:							180.00
Grand Totals:							180.00

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Dated: 9/12/16Interim Finance Director Jason B. Williams

CC1.

Report Criteria:

Report type: Invoice detail

Bank Bank Number = 1

Check Voided = no

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
09/16	09/13/2016	98281	Frontier	Telephone Service from Ve	816,416,116 09041	510.96	510.96
Total 98281:							510.96
09/16	09/13/2016	98282	So California Edison Co	City Electricity	5074,0987,1481-78	118,288.82	118,288.82
Total 98282:							118,288.82
Grand Totals:							118,799.78

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Dated: 9/13/16Interim Finance Director Jean B. Williams

Report Criteria:

Report type: Invoice detail

Bank.Bank Number = 1

Check.Voided = no

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
09/16	09/14/2016	98283	California City EDC	Annual Contribution FY 16-	1826	15,000.00	15,000.00
Total 98283:							15,000.00
Grand Totals:							15,000.00

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Dated: 9/14/16Interim Finance Director Jean B. [Signature]

Report Criteria:

Report type: Invoice detail

Bank Bank Number = 1

Check Voided = no

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
09/16	09/16/2016	98284	Boston, John	Per Diem Advanced Officer	091316	200.00	200.00
09/16	09/16/2016	98284	Boston, John	OHV Law Enforcement Trai	091316-1	50.00	50.00
Total 98284:							250.00
09/16	09/16/2016	98285	Craig, Jack	Per Diem Advanced Officer	091316	200.00	200.00
Total 98285:							200.00
09/16	09/16/2016	98286	Guillen, Kevin	OHV Law Enforcement Trai	091316	100.00	100.00
Total 98286:							100.00
09/16	09/16/2016	98287	Huizar, Frank	Per Diem Advanced Officer	091316	200.00	200.00
Total 98287:							200.00
09/16	09/16/2016	98288	Hulse, Ryan	Per Diem Advanced Officer	091316	200.00	200.00
Total 98288:							200.00
09/16	09/16/2016	98289	Riverside County Sheriff's	Advanced Officer Perishabl	18-4212 PERISHAB	960.00	960.00
Total 98289:							960.00
09/16	09/16/2016	98290	So California Edison Co	Fire Dept. TPP	3-044-1481-78 091	81.49	81.49
Total 98290:							81.49
09/16	09/16/2016	98291	So California Gas Co	3432 1, 2239-8 Gas Service	2239-8, 3432-1 091	32.63	32.63
Total 98291:							32.63
09/16	09/16/2016	98292	Verizon	Long Distance Service	7214 82Y 090216	404.00	404.00
Total 98292:							404.00
Grand Totals:							2,428.12

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Dated: 9/16/16Interim Finance Director 

Report Criteria:

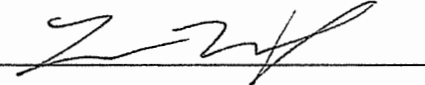
Report type: Invoice detail

Bank Bank Number = 1

Check Voided = no

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
09/16	09/19/2016	98293	Hodge, Ryan	Per Diem Advanced Officer	091316	200.00	200.00
Total 98293:							200.00
09/16	09/19/2016	98294	Lemus Roofing	Constru. Trash Deposit Ref	BP15976	500.00	500.00
Total 98294:							500.00
Grand Totals:							700.00

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

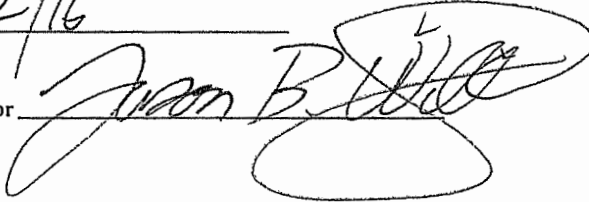
Dated: 09/19/16Interim Finance Director 

Report Criteria:

Report type: Invoice detail
Bank.Bank Number = 1
Check.Voided = no

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
09/16	09/22/2016	98295	Home Depot - Tehachapi Store	Appliances - New Fire Stati	H6835-24793	8,621.74	8,621.74
Total 98295:							8,621.74
Grand Totals:							8,621.74

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Dated: 9/22/16Interim Finance Director 

Report Criteria:

Report type: Invoice detail
 Check.Check Number = {>} 98295
 Bank.Bank Number = 1
 Check.Voided = no

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
09/16	09/22/2016	98296	A V E K	M & I Water Charges	23085	23,449.75	23,449.75
Total 98296:							23,449.75
09/16	09/22/2016	98297	All Weather Inc	Annual AWOS Maint Contra	661269	2,250.00	2,250.00
Total 98297:							2,250.00
09/16	09/22/2016	98298	Amber Chemical, Inc.	Hypochlorite Solution	0338189	365.50	365.50
09/16	09/22/2016	98298	Amber Chemical, Inc.	Hypochlorite Solution	0338379	603.08	603.08
09/16	09/22/2016	98298	Amber Chemical, Inc.	Hypochlorite Solution	0338523	529.98	529.98
Total 98298:							1,498.56
09/16	09/22/2016	98299	American Soccer Company, In	Pee Wee Soccer Uniforms	6422280	323.49	323.49
Total 98299:							323.49
09/16	09/22/2016	98300	AmeriPride	Uniform Maintenance	2100548018	117.80	117.80
Total 98300:							117.80
09/16	09/22/2016	98301	Anne RJW Family Trust/Sprag	Refund 8860 Bay	104796.05	29.62	29.62
Total 98301:							29.62
09/16	09/22/2016	98302	AT&T Mobility	IPad & Iphone Phone Bill	09182016	2,300.13	2,300.13
Total 98302:							2,300.13
09/16	09/22/2016	98303	B C Laboratories, Inc	Water Testing	083116	2,018.00	2,018.00
Total 98303:							2,018.00
09/16	09/22/2016	98304	Bangi Engineering	Fire Station Bi-Fold Doors	71	1,600.00	1,600.00
Total 98304:							1,600.00
09/16	09/22/2016	98305	Barragan, Jose	Fire Station Materials Reim	090516	121.74	121.74
Total 98305:							121.74
09/16	09/22/2016	98306	Burkhart, Michael	Tiny Tots Class	090716	213.50	213.50
Total 98306:							213.50
09/16	09/22/2016	98307	Cal City Auto Supply	Police Mar, April, May 2016	3-4-5-2016 PD INV.	1,755.40	1,755.40
09/16	09/22/2016	98307	Cal City Auto Supply	Fire Auto Parts	FIRE 083116	731.91	731.91
Total 98307:							2,487.31
09/16	09/22/2016	98308	California City Arts Commissio	Reimb. for Furnishings - Ar	091916	1,362.78	1,362.78

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98308:							1,362.78
09/16	09/22/2016	98309	California Fire Chiefs Asso	Conference Registration	2016 CONFERENCE	350.00	350.00
Total 98309:							350.00
09/16	09/22/2016	98310	Callahan, Ryan Michael	Mobile Car Wash	72, 73, 74	335.00	335.00
Total 98310:							335.00
09/16	09/22/2016	98311	Casado, J & Callahan, K Jr. & D	Refund 9961 Karen	106465.05	118.16	118.16
Total 98311:							118.16
09/16	09/22/2016	98312	Caselle, Inc	Contract Support & Mainte	75493	1,718.00	1,718.00
Total 98312:							1,718.00
09/16	09/22/2016	98313	Cato, Marion	Annual Boot Allowance	091916	200.00	200.00
Total 98313:							200.00
09/16	09/22/2016	98314	CDW Government Inc	Computer	FHF0544	592.02	592.02
Total 98314:							592.02
09/16	09/22/2016	98315	Chaplin, Linda & Aaron	Refund 21413 83rd	102930.07	27.89	27.89
Total 98315:							27.89
09/16	09/22/2016	98316	Chief	CE Uniforms	215999	121.98	121.98
Total 98316:							121.98
09/16	09/22/2016	98317	City Hardware	Fire	083116 FIRE	402.65	402.65
Total 98317:							402.65
09/16	09/22/2016	98318	Cochran, Deann	Refund 7917 Greenwood	104936.07	27.90	27.90
Total 98318:							27.90
09/16	09/22/2016	98319	Coldwell Banker/ B. Randall	Refund 10733 Jeremy Dr	102355.05	36.51	36.51
Total 98319:							36.51
09/16	09/22/2016	98320	Curtis, Greg	Refund 21530 Walker Ovrp	102389.06	121.53	121.53
Total 98320:							121.53
09/16	09/22/2016	98321	D & D Disposal, Inc	Waste Disposal	33322	600.00	600.00
Total 98321:							600.00
09/16	09/22/2016	98322	Dennis Automotive	Auto Service	17753	560.00	560.00
09/16	09/22/2016	98322	Dennis Automotive	Auto Service	17754	40.00	40.00
09/16	09/22/2016	98322	Dennis Automotive	Auto Service	17761	40.00	40.00
09/16	09/22/2016	98322	Dennis Automotive	Auto Service	22111	51.75	51.75

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98322:							691.75
09/16	09/22/2016	98323	Department of Justice	Fingerprinting	186276	296.00	296.00
Total 98323:							296.00
09/16	09/22/2016	98324	Ennis Paint, Inc.	Traffic Paint	314844	493.22	493.22
Total 98324:							493.22
09/16	09/22/2016	98325	Expert Automotive	Battery	41381	274.75	274.75
09/16	09/22/2016	98325	Expert Automotive	Crown Vic Repair	41535	493.89	493.89
09/16	09/22/2016	98325	Expert Automotive	Vehicle Maint	41547	50.81	50.81
Total 98325:							819.45
09/16	09/22/2016	98326	Farmworker Institute for Edu	Field Work OHV Area	07312016 3	1,830.00	1,830.00
09/16	09/22/2016	98326	Farmworker Institute for Edu	Field Work OHV Area	08312016 3	302.00	302.00
Total 98326:							2,132.00
09/16	09/22/2016	98327	Fed Ex	Priority Mailings	5-533-78058	86.43	86.43
09/16	09/22/2016	98327	Fed Ex	Priority Mailings	5-540-13766	57.48	57.48
09/16	09/22/2016	98327	Fed Ex	Priority Mailings	5-547-63120	86.01	86.01
Total 98327:							229.92
09/16	09/22/2016	98328	Ferguson Waterworks	Water Line Supplies	0566809-1	68.35	68.35
09/16	09/22/2016	98328	Ferguson Waterworks	Water Line Supplies	WD001953	10,299.63	10,299.63
09/16	09/22/2016	98328	Ferguson Waterworks	Water Line Supplies	WD001978	1,103.07	1,103.07
09/16	09/22/2016	98328	Ferguson Waterworks	Water Line Supplies	WV001965	7,942.32	7,942.32
09/16	09/22/2016	98328	Ferguson Waterworks	Water Line Supplies	WV001966	678.06	678.06
09/16	09/22/2016	98328	Ferguson Waterworks	Water Line Supplies	WV001967	6,623.35	6,623.35
09/16	09/22/2016	98328	Ferguson Waterworks	Water Line Supplies	WV001967-1	2,187.36	2,187.36
Total 98328:							28,902.14
09/16	09/22/2016	98329	Full Spectrum, Inc.	Well SCADA Work/ Update	20160920	3,682.50	3,682.50
Total 98329:							3,682.50
09/16	09/22/2016	98330	General Office Prod Ctr	Meter Reading copier	10737	286.10	286.10
Total 98330:							286.10
09/16	09/22/2016	98331	Giron, Miguel	Refund 9001 Rea	103568.07	29.62	29.62
Total 98331:							29.62
09/16	09/22/2016	98332	Granite Construction Compan	Cold Mix	1045878	4,646.26	4,646.26
Total 98332:							4,646.26
09/16	09/22/2016	98333	HD Supply Waterworks, LTD	Transmission Line Supplies	F759074	2,199.08	2,199.08
09/16	09/22/2016	98333	HD Supply Waterworks, LTD	Water Parts	G055829	686.61	686.61
09/16	09/22/2016	98333	HD Supply Waterworks, LTD	2" AMS Valves	G063129	1,888.88	1,888.88
09/16	09/22/2016	98333	HD Supply Waterworks, LTD	Transmission Line Supplies	G090313	5,592.16	5,592.16
09/16	09/22/2016	98333	HD Supply Waterworks, LTD	Transmission Line Supplies	G119289	645.00	645.00

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98333:							11,011.73
09/16	09/22/2016	98334	HDWBC - High Desert Wireles	Panasonic Toughbook Wor	40405	310.00	310.00
09/16	09/22/2016	98334	HDWBC - High Desert Wireles	Panasonic Toughbook Wor	40408	310.00	310.00
Total 98334:							620.00
09/16	09/22/2016	98335	Helt Engineering, Inc	13408 Hacienda Blvd-Red	16-368, 369	1,017.50	1,017.50
09/16	09/22/2016	98335	Helt Engineering, Inc	14406 Wtr Line Replaceme	16-370	287.50	287.50
09/16	09/22/2016	98335	Helt Engineering, Inc	14409 Westside Taxiway	16-371	862.50	862.50
09/16	09/22/2016	98335	Helt Engineering, Inc	15409 City Standards	16-372	642.50	642.50
09/16	09/22/2016	98335	Helt Engineering, Inc	15415 LAMP Septic System	16-374	767.50	767.50
09/16	09/22/2016	98335	Helt Engineering, Inc	16400 Borax Bill Gen Eng B	16-375	287.50	287.50
09/16	09/22/2016	98335	Helt Engineering, Inc	16400 PTMISEA Semi Annu	16-376	622.50	622.50
09/16	09/22/2016	98335	Helt Engineering, Inc	16401.3 Plan Check Tract 7	16-377	167.50	167.50
09/16	09/22/2016	98335	Helt Engineering, Inc	16407 HISP Cycle 8	16-378	8,720.00	8,720.00
09/16	09/22/2016	98335	Helt Engineering, Inc	16410 Water Availability St	16-379	12,470.00	12,470.00
09/16	09/22/2016	98335	Helt Engineering, Inc	16412 Lot Subdiv. Propose	16-380	1,102.50	1,102.50
Total 98335:							26,947.50
09/16	09/22/2016	98336	Hill, Joshua	Refund 8837 Nipa	106395.05	24.44	24.44
Total 98336:							24.44
09/16	09/22/2016	98337	International Code Council	16-17 Membership	3108491	170.00	170.00
Total 98337:							170.00
09/16	09/22/2016	98338	Interon LLC	City Cameras Service	2656	997.20	997.20
Total 98338:							997.20
09/16	09/22/2016	98339	JBL & Associates/Fred Whitne	Refund 21400 79th	105412.07	27.89	27.89
Total 98339:							27.89
09/16	09/22/2016	98340	Jones & Mayer	Attorney Fees	083116	40,152.38	40,152.38
Total 98340:							40,152.38
09/16	09/22/2016	98341	Karl's Hardware	Lift for Camera Repair	ACCT 37191 08-31-	750.00	750.00
Total 98341:							750.00
09/16	09/22/2016	98342	Kieffe & Sons Ford	Unit 384 Door Handle	22835	10.67	10.67
09/16	09/22/2016	98342	Kieffe & Sons Ford	Unit 314 Air Compressor	25073	2,013.72	2,013.72
09/16	09/22/2016	98342	Kieffe & Sons Ford	Unit 383 Check up	25250	42.20	42.20
Total 98342:							2,066.59
09/16	09/22/2016	98343	Kimball Midwest	Lock Nuts	5035670	65.48	65.48
Total 98343:							65.48
09/16	09/22/2016	98344	KME Fire Apparatus	Vehicle Maint. ME 190	CA538043	655.50	655.50

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98344:							655.50
09/16	09/22/2016	98345	L N Curtis & Sons	Pants- Bizzini	49819	270.08	270.08
Total 98345:							270.08
09/16	09/22/2016	98346	Lawman Badge Company	Hat Badges	2338	1,123.80	1,123.80
Total 98346:							1,123.80
09/16	09/22/2016	98347	Legend Pump & Well Serv	Well Work #3	53354	584.10	584.10
Total 98347:							584.10
09/16	09/22/2016	98348	M & M Sports	Cotton T-Shirts	37197	688.92	688.92
Total 98348:							688.92
09/16	09/22/2016	98349	Martha's Cleaning Service	Janitorial	1383	320.00	320.00
Total 98349:							320.00
09/16	09/22/2016	98350	Martin & Chapman	Misc Certificates / Election	2016439	42.25	42.25
Total 98350:							42.25
09/16	09/22/2016	98351	Mc Afee, Ron, Jerrain, Rebecca	Refund 8813 Viburnum	105302.06	36.51	36.51
Total 98351:							36.51
09/16	09/22/2016	98352	McMaster Carr	Cable Grips-Aerators	77275231	1,014.97	1,014.97
09/16	09/22/2016	98352	McMaster Carr	Floor Squeegees	77428761	168.86	168.86
Total 98352:							1,183.83
09/16	09/22/2016	98353	Mediawaste Disposal	Medical Waste Removal	18354	56.00	56.00
Total 98353:							56.00
09/16	09/22/2016	98354	Menendez, Henry	Uniform	091216	87.31	87.31
Total 98354:							87.31
09/16	09/22/2016	98355	Merchant's Printing & Envelo	Bus Cards - R. Gallant	6-180643	41.93	41.93
09/16	09/22/2016	98355	Merchant's Printing & Envelo	Arrest Data	6-180656	293.36	293.36
Total 98355:							335.29
09/16	09/22/2016	98356	Mission Uniform Service	Laundry Service	141173 083116	152.47	152.47
09/16	09/22/2016	98356	Mission Uniform Service	Laundry Service	141173 083116	114.15	114.15
Total 98356:							266.62
09/16	09/22/2016	98357	Mojave Public Utility Dis	Wonder Acres	06-0780-1 083116	3,402.11	3,402.11
Total 98357:							3,402.11
09/16	09/22/2016	98358	National Meter & Automation	Plastic Shroud for 8" Meter	S1075130.001	211.72	211.72

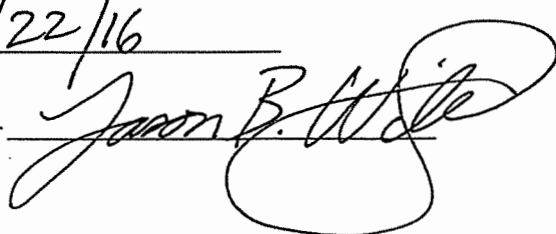
GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98358:							211.72
09/16	09/22/2016	98359	Office Depot	Office Supplies	859919460001	63.90	63.90
09/16	09/22/2016	98359	Office Depot	Office Supplies	860135007001	15.36	15.36
09/16	09/22/2016	98359	Office Depot	Office Supplies	860135061001	315.34	315.34
09/16	09/22/2016	98359	Office Depot	Office Supplies	860245676001	42.46	42.46
09/16	09/22/2016	98359	Office Depot	Office Supplies	860245759001	283.79	283.79
09/16	09/22/2016	98359	Office Depot	Office Supplies	860292745001	63.12	63.12
09/16	09/22/2016	98359	Office Depot	Office Supplies	860877601001	70.25	70.25
09/16	09/22/2016	98359	Office Depot	Office Supplies	861020990001	1.32	1.32
09/16	09/22/2016	98359	Office Depot	Office Supplies	861021034001	54.09	54.09
09/16	09/22/2016	98359	Office Depot	Office Supplies	861027111001	29.01	29.01
09/16	09/22/2016	98359	Office Depot	Office Supplies	861027353001	203.91	203.91
09/16	09/22/2016	98359	Office Depot	Office Supplies	86187238001	16.48	16.48
09/16	09/22/2016	98359	Office Depot	Office Supplies	861878189001	51.97	51.97
09/16	09/22/2016	98359	Office Depot	Office Supplies	862572977001	139.09	139.09
09/16	09/22/2016	98359	Office Depot	Office Supplies	863166030001	169.85	169.85
09/16	09/22/2016	98359	Office Depot	Office Supplies	863939894001	84.91	84.91
09/16	09/22/2016	98359	Office Depot	Office Supplies	863966100001	96.30	96.30
Total 98359:							1,701.15
09/16	09/22/2016	98360	Perry, Diane	Reimburesment for Suppli	09-07-16	165.27	165.27
Total 98360:							165.27
09/16	09/22/2016	98361	PR Diamond Products	Blades	004226	1,525.00	1,525.00
09/16	09/22/2016	98361	PR Diamond Products	Blades, Pipe Cuttings	0042522	4,970.00	4,970.00
Total 98361:							6,495.00
09/16	09/22/2016	98362	Proforce Law Enforcement	Vest-Kosick	284189	2,546.26	2,546.26
Total 98362:							2,546.26
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067281	2,463.72	2,463.72
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067283	993.06	993.06
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067285	1,985.86	1,985.86
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067287	848.68	848.68
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067290	268.73	268.73
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067291	564.08	564.08
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067292	147.99	147.99
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067293	46.14	46.14
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067311	139.44	139.44
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1067333	145.18	145.18
09/16	09/22/2016	98363	R S I Petroleum Prod	Fuel	1097288	271.06	271.06
Total 98363:							7,873.94
09/16	09/22/2016	98364	Randall, John Jr	Refund 8424 Viburnum	101737.03	36.51	36.51
Total 98364:							36.51
09/16	09/22/2016	98365	Reliable Air Condit. & Heating	Air Conditioning Work 911	17056	186.25	186.25
Total 98365:							186.25
09/16	09/22/2016	98366	Rice, Marvin & Kimberly	Refund 21640 Garibaldi	102612.06	38.24	38.24

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98366:							38.24
09/16	09/22/2016	98367	Robertson's	7825 CCB	847254	474.51	474.51
Total 98367:							474.51
09/16	09/22/2016	98368	Rose, Jamie & Eric	Refund 21324 89th	104268.05	1.99	1.99
Total 98368:							1.99
09/16	09/22/2016	98369	Ryan Herco Products	PVC Parts	8483328	160.85	160.85
09/16	09/22/2016	98369	Ryan Herco Products	PVC Parts	8483371	73.33	73.33
09/16	09/22/2016	98369	Ryan Herco Products	PVC Parts	8485469	176.96	176.96
Total 98369:							411.14
09/16	09/22/2016	98370	S.C. Friends Tire Inc.	Tire Service	30355	20.50	20.50
09/16	09/22/2016	98370	S.C. Friends Tire Inc.	Tire Service	30373	15.00	15.00
09/16	09/22/2016	98370	S.C. Friends Tire Inc.	Tire Service	30390	82.00	82.00
09/16	09/22/2016	98370	S.C. Friends Tire Inc.	Tires	30392	533.63	533.63
09/16	09/22/2016	98370	S.C. Friends Tire Inc.	Tire Service	30415	183.97	183.97
Total 98370:							835.10
09/16	09/22/2016	98371	Sage Staffing	Temp Mary Johnson	55257	1,596.18	1,596.18
09/16	09/22/2016	98371	Sage Staffing	Temp Mary Johnson	55321	1,725.60	1,725.60
09/16	09/22/2016	98371	Sage Staffing	Temp Mary Johnson	55387	1,380.48	1,380.48
Total 98371:							4,702.26
09/16	09/22/2016	98372	Sanders, Karen	Supplies Reimbursement	091916	93.90	93.90
Total 98372:							93.90
09/16	09/22/2016	98373	Schmeil, Carl & Becky	Refund 9306 Irene	105187.04	46.08	46.08
Total 98373:							46.08
09/16	09/22/2016	98374	Sirchie Fingerprint Labs	Evidence Materials	0270544	1,155.63	1,155.63
Total 98374:							1,155.63
09/16	09/22/2016	98375	Souders, Caleb	Mileage Reimbursement	0991616	1,615.58	1,615.58
Total 98375:							1,615.58
09/16	09/22/2016	98376	Sparkletts	Water	4687417 090916	41.98	41.98
Total 98376:							41.98
09/16	09/22/2016	98377	Staples Advantage	Office Supplies, Janitorial	8040760661	310.15	310.15
09/16	09/22/2016	98377	Staples Advantage	Office Supplies, Janitorial	8040864509	261.15	261.15
Total 98377:							571.30
09/16	09/22/2016	98378	Sunbelt Rentals, Inc	Scissor Lift Transport	62828944-001	1,381.61	1,381.61

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98378:							1,381.61
09/16	09/22/2016	98379	Tehachapi Veterinary Hospital	K9 Exam	380797	368.35	368.35
Total 98379:							368.35
09/16	09/22/2016	98380	Theisen, James & Marsha	Refund 8840 Hickory	104909.05	36.51	36.51
Total 98380:							36.51
09/16	09/22/2016	98381	Thomson Reuters - West	Annual Charges	834697272	648.00	648.00
Total 98381:							648.00
09/16	09/22/2016	98382	TransUnion Risk & Alternativ	TLO Contract	213800 090116	466.40	466.40
Total 98382:							466.40
09/16	09/22/2016	98383	TurboData Systems	Citation Processing Service	24886	722.50	722.50
Total 98383:							722.50
09/16	09/22/2016	98384	Tyack's Tires, Inc	Tire Service	168097	174.40	174.40
09/16	09/22/2016	98384	Tyack's Tires, Inc	Tires	168477	527.82	527.82
Total 98384:							702.22
09/16	09/22/2016	98385	U P S	Service Charges	V366	71.93	71.93
Total 98385:							71.93
09/16	09/22/2016	98386	United Rentals	Equipment Rental	140113848-001	885.96	885.96
Total 98386:							885.96
09/16	09/22/2016	98387	USA Bluebook	Drum Faucet , Closed Lid 5	024372	242.37	242.37
09/16	09/22/2016	98387	USA Bluebook	Water Parts	042906	632.58	632.58
09/16	09/22/2016	98387	USA Bluebook	Water Parts	044280	218.77	218.77
Total 98387:							1,093.72
09/16	09/22/2016	98388	Valley Press	Ad Finance Director	322228654	1,020.81	1,020.81
09/16	09/22/2016	98388	Valley Press	Legal Notice Public Hearing	32230082	161.55	161.55
09/16	09/22/2016	98388	Valley Press	Notice of Election	32233969	315.45	315.45
09/16	09/22/2016	98388	Valley Press	PH Med Marijuana Zones w	ACCT 110680	844.20	844.20
Total 98388:							2,342.01
09/16	09/22/2016	98389	VCA All-Care Animal Referral	k9 Visit Ty	389142552	2,236.07	2,236.07
Total 98389:							2,236.07
09/16	09/22/2016	98390	VCES Bakersfield	Equipment Repair Street U	P505011948	1,030.02	1,030.02
Total 98390:							1,030.02
09/16	09/22/2016	98391	Verizon Business	landline Police Dept.	08741023	231.39	231.39

GL Period	Check Issue Date	Check Number	Payee	Description	Invoice Number	Invoice Amount	Check Amount
Total 98391:							231.39
09/16	09/22/2016	98392	Verizon Wireless	Cell Phone Service	9771076552	1,517.62	1,517.62
Total 98392:							1,517.62
09/16	09/22/2016	98393	Walters Wholesale Electric Co.	Fire Station Materiials	S106158698.002	1,486.37	1,486.37
09/16	09/22/2016	98393	Walters Wholesale Electric Co.	Fire Station Materiials	S106232038.001	107.91	107.91
Total 98393:							1,594.28
09/16	09/22/2016	98394	Water Metrics West	Gauge Calibration	IVC56700	113.56	113.56
Total 98394:							113.56
09/16	09/22/2016	98395	Weil, Tom	Refund 9624 Forest	102078.08	19.27	19.27
Total 98395:							19.27
09/16	09/22/2016	98396	Witmer Public Safety Group,	Structure Boots Guzman/Bi	E1502752	706.62	706.62
09/16	09/22/2016	98396	Witmer Public Safety Group,	EMS Bag	E1504596	327.94	327.94
Total 98396:							1,034.56
09/16	09/22/2016	98397	Zee Medical	Medical Supplies	34-223382	88.63	88.63
09/16	09/22/2016	98397	Zee Medical	Medical Supplies	34-223383	76.86	76.86
Total 98397:							165.49
09/16	09/22/2016	98398	Zoll	Fire RMS Contract	9029635	210.00	210.00
Total 98398:							210.00
09/16	09/22/2016	98399	Zters	Port-A-Potty Service	186962	211.87	211.87
Total 98399:							211.87
Grand Totals:							222,805.96

I HEREBY CERTIFY AS TO THE ACCURACY OF THE DEMANDS AND AVAILABILITY OF FUNDS:

Dated: 9/22/16Interim Finance Director 

**REGULAR MEETING
CITY OF CALIFORNIA CITY
CITY COUNCIL
Tuesday, March 22, 2016
Council Chambers, 21000 Hacienda Blvd.
MINUTES**

CALL TO ORDER

Mayor Wood called the meeting to order at 6:00 pm and requested that they take a moment to remember those Americans hurt today in Belgium. Following the Pledge of Allegiance and Invocation, City Clerk Hilliker called the roll:

ROLL CALL

PRESENT: Gray, Smith, Warren, Mayor Pro Tem McGuire, Mayor Wood

ABSENT: None

Motion by Councilmember Warren, second by Councilmember Smith to excise Mayor Pro Tem McGuire from the 3/8/16 council meeting. Motion carried

ADOPTION OF AGENDA

Motion by Mayor Pro Tem McGuire, second by Councilmember Gray, to adopt the agenda. Motion carried. 5-0

CITY CLERK REPORTS / LATE COMMUNICATIONS

Multiple letters from JM Powers regarding disappearing water & sewer revenue, where are work orders to replace nonworking city meters, wastewater treatment 1.2 million upgrade vs. unnecessary 11.7 million expansion, 2015 urban water management plan is due July 1st and negative sewer revenue in February

PRESENTATIONS

City Treasurer Middleton – February Investment Report

STAFF ANNOUNCEMENTS / REPORTS

Lt. Huizar – update on shooting 3/16; every Tuesday from 3-5 pm He is available to the public in 20 minute intervals, starting April 1st.

Fire Chief Armstrong – engine is back in service; change in software for next FY, will be bringing 3 existing programs together; Medical Director is moving to Utah but will keep California license; could be a delay in burning house on Jimson, due to wind

Public Works Director Platt - department stats; Mendiburu Rd tap done; transmission line is progressing; overview of new CCB crosswalk project where reflectors will be powered by solar; Mendiburu project funds are covering the cost of construction only, not environmental or engineering

Finance Director Rudy Hernandez – FY 16/17 Budget calendar in process; FY 14/15 audit is 95% complete

Brenda Daverin Parks and Recreation – Easter egg hunt Saturday at 10 am at Central Park

City Manager Weil – provided update on Integrated Regional Water Management Plan (IRWP)

CIVIC / COMMUNITY / ORGANIZATIONS ANNOUNCEMENTS

Chamber of Commerce – bi-annual clean up on 4/2, meet at Caldwell Bankers 8 am. Bins will be available for couches, TV's etc.

CC2

PUBLIC COMMENT

Ann Richardson, Desert Rose Garden Club – thanks to Public Works for removal of dead pines at the west entrance of CCB; also thanks to PW for cleaning up the trees and branches at perimeter of the park; Phase 3 of median project (east end of CCB), planting will begin in spring
DJ Twohig – city needs performance or forensic audit; must have a 5 year projection for sustainability; New bill going before the Assembly which will require notification to all property owners of any future ballot measures ie a special tax. Will change the aspects of future funding. City needs to find another way to fund our safety and general services. Tract 2967 qualifies for SDI funding and asks the PW Director to look into that. Stated possible misconduct if word is getting spread that the council approved a fee increase via the Master Fee Schedule.

Allen Bell – inquired if the city liens the properties that we tear down

AL Hutson – inquired if the council is going to roll back on sewer fees; asked why money was disappearing from sewer fund; stated that back in 2010, the City Manager at that time did not comply with Prop 218

CONSENT CALENDAR

CC 1. CITY CHECK REGISTERS: dated through 03/17/16

CC 2. MINUTES: Regular Meeting dated 12/08/15

Waive reading of subject minutes, approve as written, and order filed.

CC 3. Jody Farmer: Girl Scout Gold Award Project (presented at the 03/08/16 Council meeting)

CC 4. Adopt “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY AUTHORIZING THE FINANCE DIRECTOR TO EXECUTE GRANT APPLICATIONS FOR ASSISTANCE UNDER THE TRANSPORTATION DEVELOPMENT ACT” (Dial-A-Ride)

CC 5. Adopt “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY RELATING TO THE CITY’S DRUG AND ALCOHOL TESTING POLICY”

CC 6. Adopt “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY AUTHORIZING THE FINANCE DIRECTOR TO EXECUTE GRANT APPLICATIONS FOR ASSISTANCE UNDER THE TRANSPORTATION DEVELOPMENT ACT” (Arterial and City Street Systems)

Clarification was provided that both item CC4 and CC6 are done on an annual basis.

Motion by Mayor Pro Tem McGuire, second by Councilmember Gray to approve the Consent Calendar. Roll Call Vote as follows:

AYES: Gray, Smith, Warren, McGuire, Wood

NAYS: None

ABSTAIN: Smith ck# 96748 & 96809

ABSENT: None

CONTINUED BUSINESS

CB 1. Fire Department: Station Bid Proposal Results

Fire Chief Armstrong provided the staff report.

Armstrong stated that he plans on going back through his budget, to try and adjust internally for shortfalls regarding the 57,000 in line item 750, which is the balance for the metal building. Also brought up was the cost of the engineering.

Public Works Director Platt interjected that as engineering moves forward, staff will issue a project number to each project, it will be moved to that projects line item so all costs will be in

Public Works Director Platt announced that staff is already looking into the possibility of receiving SDI funds on two projects.

Motion by Councilmember Warren, second by Mayor Pro Tem McGuire to direct staff and finance try and negotiate better terms on the loan verify within the next two weeks, at the next council meeting, so that we can make a decision, verify the process to contact SDI and see what kind of notions they can contribute anything to this and to consider funding three ways: contribution from the fire department reserves, \$500,000 loan from the general fund reserves and a \$500,000 loan. Wants all research done prior to making final decision.

Mayor Pro Tem McGuire's suggestions were noted and Warren's motion was modified as follows: \$600,000 from Fire dept reserves, \$600,000 loan from the general fund reserves and a loan through IBanks for the balance of \$500,000, repaying in monthly (ideally) or quarterly payments and pursue SDI funding possibilities. (Clarification that repayment would come from the Fire dept. and that it could take quite a long time to pay in full, depending on their revenue) Councilmember Smith received clarification that this motion doesn't mean we are approving tonight or going to apply for the loan tomorrow. It is instructing staff to bring back very specific information (by the next meeting if not before) what funding options will IBank offer: for 5,10 and 15 year terms, payments monthly or quarterly, etc. along with pursuing the SDI. Also now included in the motion is to continue the item and approval of the contract till next council meeting, which technically is in 3 weeks.

Mayor Pro Tem McGuire seconded the modified motion. Roll call vote as follows:

AYES: Gray, Smith, Warren, McGuire, Wood

NAYS: None

ABSTAIN: None

ABSENT: None

CB 2. Establish PERS Reserve Fund to Mitigate Future increases in the Unfunded Accrued Actuarial Liability (UAAL)

Finance Director Hernandez provided the staff report.

Al Hutson – How does this reconcile with GASB 68? Made reference to Mr. Hernandez mortgaging city property as an option. Also how was the \$300,000 amount determined?

Councilmember Gray stated we need a strategic plan. Is there a plan for the next 7 years? Finance Director Hernandez said that as unanticipated revenue comes in, staff will come back to council for direction.

Councilmember Warren stated he would like to have this item continued.

Mayor Wood said they have been discussing this and agrees with Gray about the future but it is going to hinge on availability of finds.

Mayor Pro Tem McGuire stated that it is up to the state politicians to stop making the members of PERS pay for their bad investments.

DJ Twohig – 5 year projection would be very helpful; concern with points being received but forgotten and not written down down.

Motion by Mayor Pro Tem McGuire, second by Councilmember Warren to designate the \$300,000 from the General Fund Reserve to establish a PERS Reserve Fund, to mitigate future increases in the unfunded accrued actuarial liability. Roll call vote as follows:

AYES: Gray, Warren, McGuire, Wood

NAYS: Smith

ABSTAIN: None

ABSENT: None

CB 3. Central Park Pool House: Second offer from McLarens Global Claim Services
City Manager Weil provided the staff report.

Councilmember Warren stated that he has an issue with the bathrooms back to back

Allen Bell – think ahead, enclose for year round use.

City Attorney Bettenhausen explained that since the city has gone out to bid twice, with the amounts coming in over the amount of the insurance settlement the council can reject all bids and pass a resolution (has to pass by 4/5) stating it is cheaper for the city to do the project.

Motion by Mayor Pro Tem McGuire, second by Councilmember Warren to reject all bids from 1/20/16. Roll call vote as follows:

AYES: Gray, Smith, Warren, McGuire, Wood

NAYS: None

ABSTAIN: None

ABSENT: None

NEW BUSINESS

NB 1. City Hall: Automatic Push Button ADA Doors

Building Official Barragan provided the staff report.

Councilmember Smith, along with the majority, requested that staff look into adding sensors.

Motion by Councilmember Warren, second by Councilmember Gray to table this item until the next meeting. Motion carried

COUNCIL AGENDA

AB 1234 – Warren: Air Pollution Control Board meeting, discussion on 4 new buses

Wood: attended EK alliance; Economic roundtable KernCog

Councilmember Gray - requests that agendas not be overloaded; missing hydrant on Jimson

Councilmember Smith – concerns with CCB, Forest and Hacienda

Mayor Wood – concerns with the street around potholes; did ride along with the police department

ADJOURNMENT

Motion by Mayor Pro Tem McGuire, second by Councilmember Gray to adjourn at 9:15 pm.

Motion Carried 5-0

Respectfully submitted by,

Denise Hilliker, City Clerk

APPROVED BY CITY COUNCIL ON _____

CITY COUNCIL

September 27, 2016

TO: Mayor and City Council

FROM: Tom Weil, City Manager / Denise Hilliker, City Clerk

SUBJECT: 2016 Conflict of Interest Code

BACKGROUND

State law mandates that each local agency adopt a conflict of interest code¹ ("Code"), and that the Code be updated by July 1 every even numbered year. This memorandum analyzes the steps the City should consider following to comply with applicable law.

Every local agency in California is required to have a Conflict of Interest Code that enumerates the positions within the agency "which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest and for each numerated position, the specific types of investments, business positions, interest in real property, and sources of income which are reportable."² Codes should also determine the extent to which any "consultant" has any such responsibilities.

If a position is listed within the Code, then the individual(s) in the position must file a Statement of Economic Interest (Form 700) with the City Clerk within 30 days of assuming office, and file annually thereafter by the applicable deadline.³ The 2016 deadline is April 1, 2016.⁴

The City must update its Code whenever necessitated by "changed circumstances, including the creation of new positions." In every even numbered year (e.g. 2016), the City must review its code, and take actions relating to the update of its code, as more fully explained by Government Code § 87306.5:

(a) **No later than July 1** of each even-numbered year, the code reviewing body shall direct every local agency which has adopted a Conflict of Interest Code in accordance with this title to review its Conflict of Interest Code and, if a change in its code is necessitated by changed circumstances, submit an amended Conflict of Interest Code in accordance

¹ See Gov't Code 87300 *et seq.*

² Gov't Code § 87302(a). State law also mandates that the following individuals file a Form 700: mayors, council members, planning commissions, city managers, city attorneys, treasurers, and "other public officials who manage public investments." Gov't Code § 87200. Such individuals are known as "code filers."

³ If an individual filed an "assuming office statement" between October and December of the prior year (in this case 2015), then the individual is not required to file an annual statement until April 3, 2017.

⁴ Although typically April 1 is the filing deadline, if April 1 is on a weekend, then the deadline is the first Monday following April 1. In 2017, for example, because April 1 is on a Saturday, the filing deadline is April 3.

CC3.

with subdivision (a) of Section 87302 and Section 87303 to the code reviewing body.

(b) Upon review of its code, if no change in the code is required, the local agency head shall submit a written statement to that effect to the code reviewing body no later than October 1 of the same year.

RECOMMENDATION

With these statutory requirements in mind, it is recommended that the City complete the following actions:

- **October 1, 2016.** By October 1, it is recommended that the City Manager provide a staff report to the City Council detailing whether, and to what extent (1) staff recommends any revisions and (2) any agencies recommended revisions to its Conflict of Interest Code. If there are such recommended revisions, the City Council will take action to revise the code by adopting a resolution amending the Conflict of Interest Code, as appropriate.⁵ If no revisions are indicated, it is recommended that the City Manager inform the City Council that no revisions are required.⁶
- California City does not currently have a Conflict of Interest Code in place and must adopt one anew. The proposed Resolution being considered by the City Council hereunder implements a new Conflict of Interest Code. Going forward, the City Manager will assess when and if revisions are needed.

When determining whether revisions or updates to the code are appropriate, the City should consider whether any new or revised positions should be subject to the Code, and whether all positions listed in the Code are still actually positions within the City.

The City should also take into account the fact that in 2015, the Fair Political Practices Commission adopted a new regulation to revise the definition of “consultant.”⁷

Designated Officials and Employees

Section 2 of FPPC Regulation 18730 says that designated employees (listed in Attachment B of the proposed resolution) are persons that make or participate in the making of decisions which may foreseeably have a material effect on economic interests, such as: voting on a matter; formulating the budget; adopting policy; making purchasing decisions; entering into contracts; negotiating the terms of a contract; writing the specifications of a bid; or advising or making recommendations to the decision-making or governing body.

⁵ The City may, “at any time amend its Conflicts of Interest Code.” Gov’t Code § 87307.

⁶ See Gov’t Code § 87306.5 [“... the local agency head shall submit a written statement to that effect to the code reviewing body by no later than October 1 of the same year.”]

⁷ 2 CCR § 18700.3 is available at: <http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/LegalDiv/Regulations/Index/Chapter7/Article1/18700.3.pdf>.

This list also includes unpaid members of boards and commissions and consultants who make decisions on behalf of an agency or serve in a staff capacity and, in that capacity, perform duties that would otherwise be performed by a designated position.

Disclosure Categories

Each local agency tailors the disclosure requirements for each position within the agency to the types of governmental decisions a person holding that position would make. Based on models developed by the FPPC, in the past the City has adopted eight disclosure categories, ranging from full disclosure to various limited disclosures, for those types of investments, interests in real property, sources of income and business positions that designated employees hold that may affect their decision-making.

A 2016 biennial review has been conducted and it has been determined that the City is presently without a Conflict of Interest Code and must, therefore, adopt one by no later than October 1, 2016. It is recommended the City Council review the proposed Conflict of Interest Code for designated personnel; and adopt a resolution implementing the new Conflict of Interest Code

FISCAL IMPACT

There is no fiscal impact related to the adoption of the Conflict of Interest Code.

ATTACHMENTS

Resolution Implementing Conflict of Interest Code

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY,
CALIFORNIA ADOPTING A CONFLICT OF INTEREST CODE APPLICABLE
TO DESIGNATED POSITIONS, INCLUDING MEMBERS AND STAFF OF THE
OVERSIGHT BOARD OF THE CALIFORNIA CITY SUCCESSOR AGENCY,
SUCCESSOR AGENCY TO THE FORMER CALIFORNIA CITY
REDEVELOPMENT AGENCY, AND SUCCESSOR AGENCY TO THE
CALIFORNIA CITY HOUSING AUTHORITY**

WHEREAS, the California Fair Political Practices Commission has adopted Section 18730 of Title 2 of the California Code of Regulations which contains the terms of a Standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings; and

WHEREAS, Government Code Section 87306.5 requires every local agency to review its Conflict of Interest Code in all even-numbered years.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY,
CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:**

SECTION 1. In compliance with Government Code Section 87300, the City Council hereby adopts the FPPC's Model Conflict of Interest Code authorized by 2 CCR § 18730 and the attached Exhibit "A" Designated Employees, and Exhibit "B" Appendix of Disclosure Categories.

SECTION 2. The City Clerk shall certify to the passage and adoption of this Resolution and it shall take effect and be in force.

PASSED, APPROVED AND ADOPTED this 27th day of September, 2016.

Jennifer Wood, Mayor

ATTEST:

Denise Hilliker, City Clerk

APPROVED AS TO FORM:

Christian L. Bettenhausen, City Attorney

EXHIBIT "A"

Designated Employees

The following is a listing of positions for which the employee is required to submit Statements of Economic Interest (Form 700) pursuant to the Political Reform Act of 1974.¹

To the extent that certain positions are required to perform actions on behalf of the City and also another agency or authority (such as the Successor Agency), the following disclosure requirements shall also apply to duties performed on behalf of any such agency/agencies.

<u>DEPARTMENTS / POSITIONS</u>	<u>DISCLOSURE CATEGORIES</u>
<u>City Attorney</u>	
City Attorney	1
Assistant City Attorney	1
<u>City Council / Boards of Directors</u>	
Members of City Council ²	1
<u>City Clerk</u>	
City Clerk	1
<u>City Manager</u>	
City Manager	1
Human Resources	2
<u>Finance Department</u>	
Director of Finance/Treasurer	1
Certified Public Accountant	1
<u>Fire Department</u>	
Fire Chief or Designee to California City	1
Senior Code Enforcement Officer	2
<u>Planning Commission Members</u>	1
<u>Planning & Building Department</u>	
Planning Department Director	1
Associate Planner	1
Building Official	1

¹ Government Code § 87200 already requires the following individuals (among others) to disclose their economic interests: mayors, city council members, planning commissioners, city managers, city attorneys, city treasurers, other public officials who manage public investments, and candidates for any of these offices at any election. For ease of reference, this Conflict of Interest Code includes such individuals, even though they already have statutory disclosure obligations. This code is not intended to increase or decrease their existing statutory obligations to disclose.

² Members of the City Council currently serve as *ex officio* members of the following Boards: (1) California City Public Financing Authority (2) California City Successor Agency Housing Authority; (3) Successor Agency to the Former California City Redevelopment Agency. Certain members of the City Council are also members of the Oversight Board of the California City Successor Agency. All City Councilmembers already are required to disclose all financial interests that they have which may be affected by their membership on the City Council, and therefore, they are already required to disclose all interests which may also affect the actions they take as members of these boards.

<u>Public Works Department</u>	
Public Works Director	1

<u>Police Department</u>	
Police Chief or Designee to California City	1

<u>City Engineer</u>	
City Engineer	1

<u>Consultants*</u>	1
---------------------	---

* Consultants (and certain people filling new positions – see below) shall be included in the list of designated employees and shall disclose, pursuant to the broadest disclosure category in the Code, subject to the following limitations:

The City Manager or Agency's Executive Director may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager/Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Commission Regulation Section 18700.3 defines "consultant" as an individual who, pursuant to a contract with a state or local governmental agency:

- (1) Makes a governmental decision whether to:
 - a. Approve a rate, rule or regulation;
 - b. Adopt or enforce a law;
 - c. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order or similar authorization or entitlement;
 - d. Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
 - e. Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
 - f. Grant agency approval to a plan, design, report, study or similar item;
 - g. Adopt, or grant agency approval of, policies, standards or guidelines for the agency or for any subdivision thereof; or
- (2) Serves in a staff capacity with the agency and that capacity participates in making a governmental decision as defined in Regulation 18704(a) and (b) or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code under Section 87302.

Newly Created Positions

To the extent required by Commission Regulation 18219, as it may be amended from time to time, "an employee in a newly created position that makes or participates in the making of decision and whose specific position is not yet listed in the conflict of interest code" is also required to disclose pursuant to the broadest disclosure category, subject to the same limitation, above, via which the City manager may determine, in writing, that the employee is not required to fully comply with the disclosure requirements, etc.

EXHIBIT "B"

DISCLOSURE CATEGORIES

CATEGORY

- 1 Full Disclosure – All interests in real property as well as investments, business positions and sources of income, including gifts, loans and travel payments.
- 2 Full Disclosure – (excluding interests in real property) – Investments and business positions and sources of income, including gifts, loans and travel payments.
- 3 Interest in Real property – Interests in real property located in the city, including property located within a two mile radius of any property owned or used by the City.
- 4 General Contracting – Investments, business positions and of income, including gifts, loans and travel payments from sources that provide leased facilities, goods, equipment, vehicles, machinery or services, including training or consulting services, of the type utilized by the City.

CITY COUNCIL

September 27th, 2016

TO: Mayor and City Council

FROM: Tom Weil, City Manager

SUBJECT: Integrated Regional Water Management Planning Grant Resolution

BACKGROUND: The City Council authorized the Prop 1 Planning Grant application at the April 12th, 2016 meeting for the preparation of the Integrated Regional Water Management Plan for the Fremont Basin. This is a joint effort between the Mojave Public Utility District, Antelope Valley East Kern Water Agency, and the City of California City along with all the stakeholders within the Fremont Basin. RMC Water and Environmental has led the stakeholder meetings that have led to the Prop 1 funding application. The resolution identifies California City as the lead to receive and monitor the funding during the writing of the IRWMP which includes the Ground Water Management Plan and the Salt Nutrient Management Plan for the Fremont Basin. It is expected this regional effort will take between 18 to 20 months to complete. The matching funds for this grant will be satisfied through the previous expenditures by the three agencies for the stakeholder meetings and actual grant application process along with the region's qualification as having a 97.5% Disadvantage Community rating. State grant funding, if awarded for this planning grant would be \$841,030 dollars.

RECOMMENDATION: The City Council adopt the Resolution as presented and authorize the City Manager to sign all documents if awarded, to the California Department of Water Resources for the application of Prop 1 funds for the Integrated Water Management Plan which will include the Ground Water Management Plan and the Salt Nutrient Management Plan for the Fremont Basin.

ATTACHMENTS: Grant Budget and Resolution

FISCAL IMPACT: This is a shared cost for matching has already been satisfied by California City, Mojave PUD and AVEK for this grant.

The Finance Director has reviewed the staff report and finds the recommendations to be within the budget constraints of the Department.

ENVIRONMENTAL ACTION: N/A

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From Detail

Fremont Basin Integrated Regional Water Management Planning Grant Proposal

Budget Category	Local Cost Share	Requested Grant Share	Total	% Funding Match
Category (a): Project Administration				
Task 1: Project Management	\$ 24,208	\$ -	\$ 24,208	100%
Task 2: Invoicing	\$ 5,080	\$ -	\$ 5,080	100%
Task 3: Reporting	\$ 1,900	\$ -	\$ 1,900	100%
Subtotal	\$ 31,188	\$ -	\$ 31,188	100%
Category (b): Plan Update				
Task 4: Data Collection and Analysis	\$ -	\$ 32,560	\$ 32,560	0%
Task 5: SNMP/GWMP	\$ -	\$ 279,520	\$ 279,520	0%
Task 6: IRWM Plan Projects	\$ -	\$ 40,290	\$ 40,290	0%
Task 7: IRWM Plan Development	\$ -	\$ 300,980	\$ 300,980	0%
Subtotal	\$ -	\$ 653,350	\$ 653,350	0%
Category (c): IRWM Plan Outreach				
Task 8: IRWM Plan Meetings and Outreach	\$ 10,236	\$ 187,680	\$ 197,916	5%
Subtotal	\$ 10,236	\$ 187,680	\$ 197,916	5%
GRAND TOTAL	\$ 41,424	\$ 841,030	\$ 882,454	5%

Budget Category	In-Kind Staff Time			Consultant Staff Time						Total Hours Consultants	Total Labor Staff	Total Labor Consultants	Completed work	Total Fee	Match	Consultant
	Support	Manager	Total Hours Staff	Principal	Project Manager	Planner/Engineer	Sr Technical	Admin/ Graphics								
Category (a): Project Administration	\$30	\$70			\$275	\$220	\$175	\$275	\$120							
Task 1: Project Management																
Grant Application Preparation			0							0	\$0	\$0	\$20,008	\$20,008	\$20,008	\$0
Project Management (16 mo)	42	42	84							0	\$4,200	\$0	\$0	\$4,200	\$4,200	\$0
Subtotal Task 1	42	42	84	0	0	0	0	0	0	0	\$4,200	\$0	20008	\$24,208	\$24,208	0
Task 2: Invoicing	104	28	132							0	\$5,080	\$0	\$0	\$5,080	\$5,080	\$0
Task 3: Reporting	40	10	50							0	\$1,900	\$0	\$0	\$1,900	\$1,900	\$0
Subtotal: Category (a)	186	80	266	0	0	0	0	0	0	0	\$11,180	\$0	\$20,008	\$31,188	\$31,188	\$0
Category (b): Plan Development																
Task 4: Data Collection and Analysis																
Data Collection and Analysis			0	24	48	88				160	\$0	\$32,560	\$0	\$32,560	\$0	\$32,560
Subtotal Task 4	0	0	0	24	48	88	0	0	0	160	\$0	\$32,560	\$0	\$32,560	\$0	\$32,560
Task 5: SNMP/GWMP																
5.1: Basin Characterization			0	8	40	80	8	4	140		\$0	\$27,680	\$0	\$27,680	\$0	\$27,680
5.2: Basin Management Goals and Objectives			0	12	16	22	16		66		\$0	\$15,070	\$0	\$15,070	\$0	\$15,070
5.3: SNMP Analyses			0	8	24	80	40		152		\$0	\$32,480	\$0	\$32,480	\$0	\$32,480
5.4: Management Strategies			0	8	24	60	16		108		\$0	\$22,380	\$0	\$22,380	\$0	\$22,380
5.5: Anti-Degradation Analysis			0	6	40	100	40	4	190		\$0	\$39,430	\$0	\$39,430	\$0	\$39,430
5.6: Implementation Analysis			0	8	30	60	12		110		\$0	\$22,600	\$0	\$22,600	\$0	\$22,600
5.7: Monitoring Program			0	4	16	40	16	6	82		\$0	\$16,740	\$0	\$16,740	\$0	\$16,740
5.8 Prepare SNMP	0	0	0	8	32	160	52	24	276		\$0	\$54,420	\$0	\$54,420	\$0	\$54,420
Develop Draft SNMP			0	4	16	100	40	20	180		\$0	\$35,520	\$0	\$35,520	\$0	\$35,520
Develop Public Draft SNMP			0	2	12	40	12	2	68		\$0	\$13,730	\$0	\$13,730	\$0	\$13,730
Develop Final SNMP			0	2	4	20		2	28		\$0	\$5,170	\$0	\$5,170	\$0	\$5,170
5.9 Prepare GWMP	0	0	0	8	32	140	44	24	248		\$0	\$48,720	\$0	\$48,720	\$0	\$48,720
Develop Draft GWMP			0	4	16	80	32	20	152		\$0	\$29,820	\$0	\$29,820	\$0	\$29,820
Develop Public Draft GWMP			0	2	12	40	12	2	68		\$0	\$13,730	\$0	\$13,730	\$0	\$13,730
Develop Final GWMP			0	2	4	20		2	28		\$0	\$5,170	\$0	\$5,170	\$0	\$5,170
Subtotal Task 5	0	0	0	70	254	742	244	62	1372	0	\$279,520	\$0	\$279,520	\$0	\$279,520	\$0
Task 6: IRWM Plan Projects																
6.1: Develop and Implement Project Solicitation Process			0	8	12	32			52		\$0	\$10,440	\$0	\$10,440	\$0	\$10,440
6.2: Develop IRWM Plan Project Prioritization Process and Rank List			0	18	28	80		4	130		\$0	\$25,590	\$0	\$25,590	\$0	\$25,590
6.3: Assess Project Integration and Implementation			0	4	8	8			20		\$0	\$4,260	\$0	\$4,260	\$0	\$4,260
Subtotal Task 6	0	0	0	30	48	120	0	4	202	0	\$0	\$40,290	\$0	\$40,290	\$0	\$40,290
Task 7: IRWM Plan Development																
7.1 Prepare Draft IRWM Plan Sections			0	132	360	736	0	68	1296		\$0	\$252,460	\$0	\$252,460	\$0	\$252,460
Governance			0	4	16	40		2	62		\$0	\$11,860	\$0	\$11,860	\$0	\$11,860
Region Description			0	8	24	80		24	136		\$0	\$24,360	\$0	\$24,360	\$0	\$24,360
Objectives			0	16	24	60		2	102		\$0	\$20,420	\$0	\$20,420	\$0	\$20,420
Resource Management Strategies			0	8	16	40		2	66		\$0	\$12,960	\$0	\$12,960	\$0	\$12,960
Integration			0	16	24	60		4	104		\$0	\$20,660	\$0	\$20,660	\$0	\$20,660
Project Review Process			0	16	40	60		4	120		\$0	\$24,180	\$0	\$24,180	\$0	\$24,180
Impact and Benefit			0	8	16	40		4	68		\$0	\$13,200	\$0	\$13,200	\$0	\$13,200
Plan Performance and Monitoring			0	4	16	40		2	62		\$0	\$11,860	\$0	\$11,860	\$0	\$11,860
Data Management			0	4	16	40		2	62		\$0	\$11,860	\$0	\$11,860	\$0	\$11,860
Finance			0	4	16	40		2	62		\$0	\$11,860	\$0	\$11,860	\$0	\$11,860
Technical Analysis			0	4	16	40		2	62		\$0	\$11,860	\$0	\$11,860	\$0	\$11,860
Relation to Local Water Planning			0	4	24	32		4	64		\$0	\$12,460	\$0	\$12,460	\$0	\$12,460
Relation to Local Land Use Planning			0	4	24	32		4	64		\$0	\$12,460	\$0	\$12,460	\$0	\$12,460
Stakeholder Involvement			0	8	40	40		4	92		\$0	\$18,480	\$0	\$18,480	\$0	\$18,480
Coordination			0	8	24	32		2	66		\$0	\$13,320	\$0	\$13,320	\$0	\$13,320
Climate Change			0	16	24	60		4	104		\$0	\$20,660	\$0	\$20,660	\$0	\$20,660
7.2 Draft IRWM Plan			0	24	40	60		24	148		\$0	\$28,780	\$0	\$28,780	\$0	\$28,780
7.3 Revised Draft IRWM Plan			0	8	16	24		16	64		\$0	\$11,840	\$0	\$11,840	\$0	\$11,840
7. Final IRWM Plan			0	4	16	16		4	40		\$0	\$7,900	\$0	\$7,900	\$0	\$7,900
Subtotal Task 7	0	0	0	168	432	836	0	112	1548	0	\$300,980	\$0	\$300,980	\$0	\$300,980	\$0
Subtotal: Category (b)	0	0	0	292	782	1786	244	178	3282	0	\$653,350	\$0	\$653,350	\$0	\$653,350	\$0
Category (c): IRWM Plan Outreach																
Task 8: IRWM Plan Meetings and Outreach																
8.1: RWMG (12 - 1 hr meetings)			0	24	24						\$0	\$11,880	\$0	\$11,880	\$0	\$11,880
8.2: IRWM Plan Stakeholder Group Workshops (12 - 2 hr meeting) +3 complete			0	144	192	264					\$0	\$128,040	\$10,236	\$138,276	\$10,236	\$128,040
8.3: Working Group Meetings (8- 2 hr meetings)			0	16	40	64					\$0	\$24,400	\$0	\$24,400	\$0	\$24,400
8.4: Targeted DAC/EDA and Tribal Outreach			0	16	48	48					\$0	\$23,360	\$0	\$23,360	\$0	\$23,360
Subtotal Task 8	0	0	0	200	304	376	0	0	0	0	\$0	\$187,680	\$10,236	\$197,916	\$10,236	\$187,680
Subtotal: Category (c)	0	0	0	200	304	376	0	0	0	0	\$0	\$187,680	\$10,236	\$197,916	\$10,236	\$187,680
GRAND TOTAL	186	80	266	492	1086	2162	244	178	3282	\$11,180	\$841,030	\$30,244	\$882,454	\$41,424	\$841,030	\$0

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY
APPROVING AN APPLICATION TO THE CALIFORNIA DEPARTMENT OF WATER
RESOURCES TO OBTAIN AN INTEGRATED REGIONAL WATER MANAGEMENT
PLANNING GRANT AND TO ENTER INTO AN AGREEMENT TO RECEIVE A
GRANT FOR THE FREMONT BASIN INTEGRATED REGIONAL WATER
MANAGEMENT PLAN**

THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY RESOLVES as follows:

WHEREAS, the City Council of the City of California City, approves an application be made to the California Department of Water Resources to obtain an Integrated Regional Water Management Planning Grant Pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Code Section 79700 *et seq.*); and

WHEREAS, the City Council of the City of California City, approves to enter into an agreement to receive a grant for the Fremont Basin Integrated Regional Water Management Plan; and

WHEREAS, the City Council of the City of California City, hereby authorizes and directs the City Manager of the City of California City to prepare the necessary data, conduct investigations, file such application, and execute a grant agreement with California Department of Water Resources.

PASSED, APPROVED AND ADOPTED this 27th day of September, 2016 by the following roll call vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

Jennifer Wood, Mayor

ATTEST:

Denise Hilliker, City Clerk

(seal)



City Council

Meeting Date: September 27th 2016

TO: Mayor and Council

FROM: Fire Chief Armstrong

Subject: Fire Station Exhaust System

Background:

The final plans for the Fire Station Exhaust have been received and Air Exchange has been out to the job site to ensure the application and design will work with no hidden problems or issues. Due to liability and building warranty, we have opted to have Medallion oversee the installation. We are requesting approval of the System purchase, installation and the attached budget line item transfer.

The exhaust system was budgeted in FY 16/17

Recommendation:

Council approves the exhausts system purchase, installation and funding plan.

Fiscal Impact:

\$51,672.96 (estimated) contractor costs

See attached budget transfer request forms

The finance director has reviewed the staff report and finds the recommendation to be within the budget constraints of the Department.

Prepared By: Jeff Armstrong, Fire Chief on 9/21/2016

CCS.

City of California City
Budget Transfer Request Form

Department Requesting Transfer: FIRE

Department Head: DALE ARMSTRONG Contact Phone: 760-373-7003

Fund Number: 19

1. Transfer Funds out of account #: 19-4222-750 Title: FIRE STA. REMOVAL

Current Balance: \$54,000- Date Balance was Checked: 9/21/16

Transfer Funds into account #: 98-7020-770 Title: FIRE STA. CONSTRUCTION

✓ Current Balance: 970,987 Date Balance was Checked: 9/21/16

Amount requested to be Transferred: \$54,000-

Projected New Fund Balance and Budgeted Amount if approved: 0 / 1,025,831

Justification: INSTALLATION OF EXHAUST SYSTEM - NEW STATION

Department Requesting Transfer: _____

Department Head: _____ Contact Phone: _____

Fund Number: _____

2. Transfer Funds out of account #: _____ Title: _____

Current Balance: _____ Date Balance was Checked: _____

Transfer Funds into account #: _____ Title: _____

Current Balance: _____ Date Balance was Checked: _____

Amount requested to be Transferred: _____

Projected New Fund Balance and Budgeted Amount if approved: _____ / _____

Justification: _____

Authorized Signatures for Account funds to be Transferred

Department Head Requesting the Transfer:

ARMSTRONG
Print Name


Signature

Date: 9/21/16

City Manager:

Print Name

Signature

Date: _____

For Finance Department Use Only

Are the funds available for transfer: YES ☒ No _____ (one or the other must be checked)

Processed by: _____ Date: _____
Print Name Signature

Approved by: Jason B. Williams Jason B. Williams Date: 9/21/16
Signature

California City Fire Rescue

Plymovent Vehicle Exhaust Removal System

NEW FIRE STATION

Back in system (4 bays)

1.29.15

CONTACT: Jeff Armstrong, Fire Chief
California City Fire Rescue
20890 Hacienda Blvd.
California City, Ca. 93505
Office: 760-373-7046
Fax: 760-373-8210
Email: jarmstrong@calcityfire.us

Miguel Pantoja
Helt Engineering, Project Manager
2930 Union Ave.
Bakersfield, Ca. 93305
Office: 661-323-6045
Fax: 661-323-0799

PRODUCT LISTING:

- (3) **MODEL SBTA 31-B Sliding Balancer Track systems for Back In capability:** includes (1) 20' track per vehicle, with 25' of 4" diameter yellow & black hose, saddle, trolley/balancer, end stop w/ security bolts, riser bracket, uncoupling valve assembly, 6.25" "GRABBER" Nozzle, New Swivel Safety Disconnect, Manual fill Valve, and complete pneumatic circuit for passive release. Also includes all necessary support legs, side braces and brackets. Three (3) tailpipe adapters. **Accommodates three vehicles for back in purposes.**
- (1) **PLYMOVENT VSRA-30 Vertical Stack Rail** Includes: 30 ft. of aluminum profile; 60 ft. rubber seal; 2 pcs of Suspension kits, including 2 brackets 2, trolleys, 1, centering spring 2, trolley stops; 1- catcher including gate damper; 1- back in connection Ø6.25" hose, end connection and hose clamps. For Back In capability in one bay.

- (1) **CINCINNATI FAN** 5 HP Exhaust Fan, rated at 2,000 cfm @ 6" w.g.
- (1) **PLYMOVENT MODEL OS-3** UL Listed Electrical Control Operating System.
- (4) Wireless Transmitters for automatic start-up of fan when engine is started
- (1) Wireless Receiver
- (1) Installation to include new 5 HP fan, new Plymovent control panel, electrical hook up & connection to an adequate point of connection, all material & installation **labor @ PREVAILING WAGE RATE.**

PLYMOVENT MATERIAL	\$22,012.00
Ducting & Misc. Installation materials	\$ 2,500.00
SUB TOTAL	\$24,512.00
SALES TAX @ 8%	\$ 1,960.96
INSTALLATION COST	\$23,200.00
FREIGHT COST	\$ 2,000.00
TOTAL PROJECT COST	\$51,672.96

- **Includes** equipment, freight costs & complete installation as listed above.
- **Does NOT include** special licenses beyond our approved California Contractor's license, engineered or stamped drawings, structural engineering costs or any work required as the result of structural engineering requirements, if required.
- **Does NOT include** tail pipe modifications of any kind on fire apparatus.
- Delivery of hardware is estimated at 8-10 weeks from go-ahead. Installation scheduled at that time.

EXPIRATION DATE: 90 days from the date on this quotation.

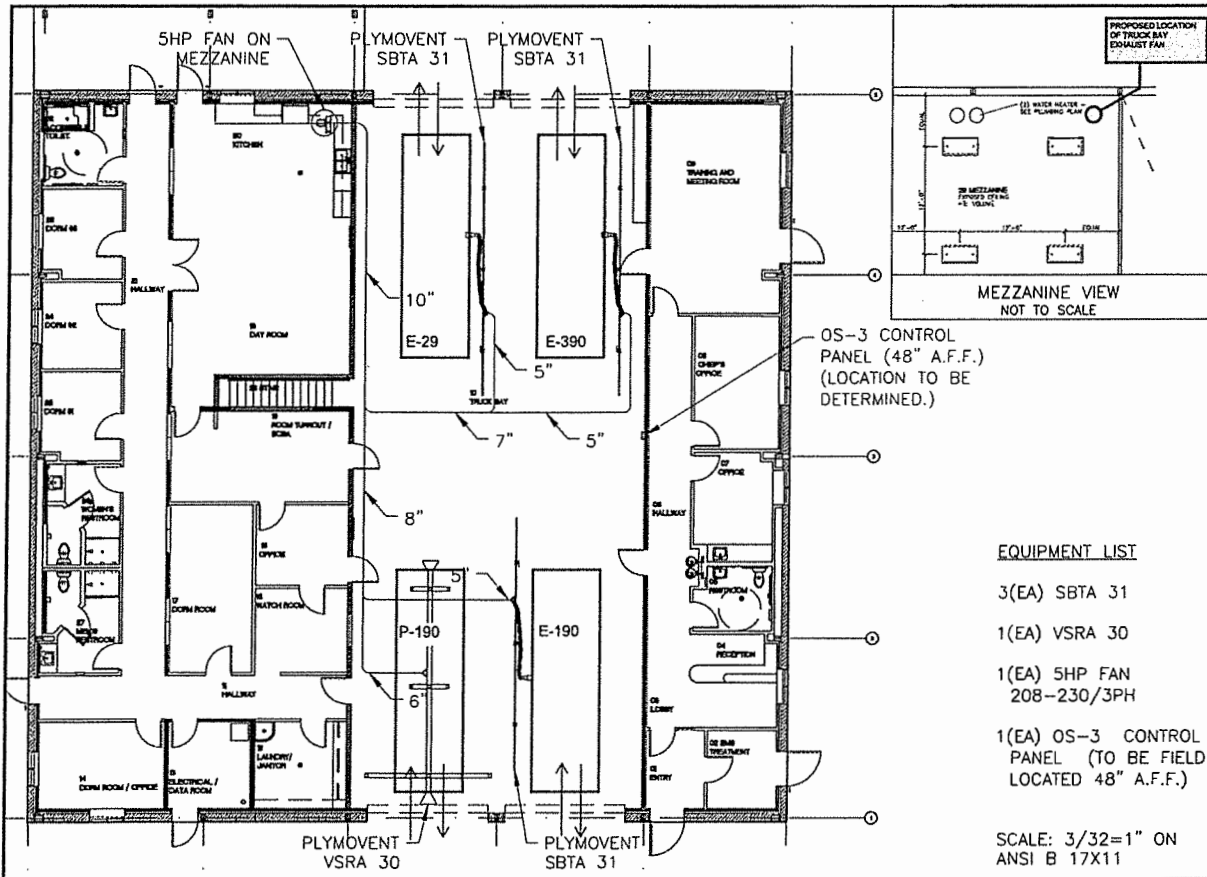
TERMS: Balance due when installation is complete.

NOTE:

- *Permits are NOT included in this proposal. However, permits can be added at cost for the permit fees plus \$140.00 per hour labor to obtain the permits.*
- *Any modification to the above proposal as required by a municipality will be at addition charge. Outside services such as structural engineering fees will be passed on at costs. Any materials or labor required resulting from any structural engineering will also be at additional charge.*

Thank you for the opportunity to be a part of this project.


Jim Cleary
AIR EXCHANGE
Direct: 909-720-7064
email: jtc1@roadrunner.com



CALIFORNIA CITY

ISSUE / DATE	DESCRIPTION
A 02/09/16	Drawn by Bob T.
B 03/02/16	UPDATE FAN LOCATION

DRAWN BY: Bob Trestnick

REVIEWED BY:

APPROVED BY:

AE PROJECT: CALIFORNIA CITY

AIR EXCHANGE, INC.

495 Edison Ct., Suite A
Fairfield, Ca 94534
1494-B East Francis St.
Ontario, CA 91761

PH: 800-300-2945
FX: 707-854-2705
INFO@AIREXCHANGE.COM
WWW.AIREXCHANGE.COM

VEX-1

BLDG. SHEET NO.

City Council

Meeting Date: September 27th, 2016

TO: Mayor and Council

FROM: Tom Weil, City Manager

Subject: California City Chamber of Commerce FY16/17 Budget

Background: The California City Chamber of Commerce has completed its budget projections for the FY16/17 year based on the \$15,000 dollars funding that has been recently allocated by the City Council in the City's FY16/17 budget adopted June 28, 2016. They are requesting your review and approval in order for funding to be disbursed.

Recommendation:

Council review and approve the EDC Budget as requested.

Fiscal Impact: \$15,000 Line Item 10-4151-632

The Finance Director has reviewed the staff report and finds the recommendations to be within the budget constraints of the Department

Environmental Impact: None

CC6

California City

Chamber of Commerce

Dear Mr. Weil,

We, the Chamber of Commerce board, would like to request the \$15,000 the city budgeted to assist us in serving our community. Before doing so we would like to mention some of the goals we met in fiscal year 2015-16:

- Tri-fold brochure designed, printed, and 5000+ distributed to promote all our city offers
- New logo designed as part of rebranding
- New website landing page - October, soft launch of full website - December, public launch - February highlighting what our city offers, including information for tourism, relocation, and those living here
- 6 social media channels added, two Facebook, Twitter, Instagram, Pinterest, Google+, LinkedIn
- 1615+ hours volunteered by board in later half of fiscal year
- 232+ hours volunteered by business/community members in later half of fiscal year
- 3 city-wide clean-ups and 9 giant roll offs topped off. Clean-up from bi-annual to quarterly
- Member benefits researched and relaunched to give business members ROI.
- Free business education through one on one mentoring with S.C.O.R.E.
- Free day long workshop for nonprofit businesses
- 4 years of funding reached for scholarship program (all monies from Chamber fundraisers)
- Successfully concluded Tortoise Days and cooperated with Parks and Rec to transition their take over of the event in 2017 along with seed money funds
- Added a Tourism Bureau to the Chamber office
- Saved members \$9250 in 4 months with free web building and marketing consults
- Community calendar created in May and kept up to date as part of office duties.
- 8 partnerships made: S.C.O.R.E., Kern Literacy, Ridgecrest RAVBC, Visit Kern, United Way, Dress for Success, Kern Film Commission, Visit California
- Information updated or corrected about California City in numerous publications; in some cases articles were written.

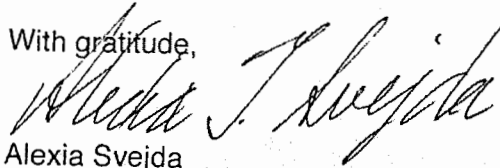
In 2016-17 we have goals to:

- Expand free education and services to our member businesses

- Working toward building pride in our community through facilitating communication and engagement, focusing on the positive, and continuing clean-ups
- Bring opportunities to our businesses by strengthening our film and tourism industry presence and diversifying recreational choices
- Continue to bring services that improve the overall health of our community through partnerships such as Kern Literacy Council, United Way, and Dignity Health.
- Meet initial expectations suggested in the East Kern Economic Development Strategy.
- Extend our hours from three to four, five days a week in response to higher traffic through our office. We will also switch our part-time employee from contract to employee on October 1.

Our board approved a \$22,000 budget, attached, of which we have \$7,000. We also conducted an internal audit which is also attached. We would like to request a one time payment of \$15,000.

With gratitude,

A handwritten signature in cursive script, appearing to read "Alexia Svejda".

Alexia Svejda

President

California City Chamber of Commerce

Internal Independent Audit of the California City Chamber of Commerce

I was asked to conduct an independent audit of the books for the California City Chamber of Commerce. I have 42 years' experience as an Escrow Officer where part of my fiduciary responsibility is to monitor and maintain escrow trust accounts to ensure proper handling of other people's money.

The scope of the audit included review of the following items for the fiscal year July 1, 2015 to July 1, 2016:

- Bank Statements
- Receipts for expenses
- Bank reconciliation
- Check book and Transaction history
- Treasurer reports
- Minutes from the Board of Director meetings
- By-Laws

The accounting program used to produce account reports is Quicken.

Findings:

- Bank statements contained supporting receipts for expenditures
- Bank reconciliation was completed each month
- All checks were signed by two board members in accordance with the By-Laws
- Approvals for required expenditures were documented in the minutes of the Board of Director meetings
- Internal controls are in place and adhered to

Observations:

- I found the records to be accurate with a couple of minor entries that did not correspond to the bank statement but were subsequently reported the next month.
- Inconsistency in the classification of categories (Scholarship category changed to Fundraising)

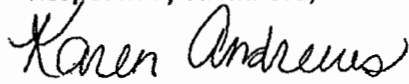
Recommendations:

- Create a procedural manual to document internal controls (collecting funds, disbursing funds, recording financial transactions, signing checks, recording minutes and preparing necessary financial reports)
- Expand Article VII, Section 2 (Disbursements) of the By-Laws to provide more specifics as to what expenditures need board approval with a majority vote
- Attach the monthly bank reconciliation to the bank statement so they can be reviewed together
- Treasurer report should include the transaction history itemization

Conclusion:

I found that all funds were used for the purpose intended, accounted for, and documented appropriately.

Respectfully submitted,

A handwritten signature in cursive script that reads "Karen Andrews". The signature is written in black ink and is positioned above the printed name.

Karen Andrews, Secretary

2016-17 Budget

	Chamber	Tourism	Film
Utilities	2700.00		
Electricity			
Gas			
Phone/Internet			
Water			
* Cleaning 0.00			
Office Supplies	500.00		
Website, Domain, email Fee	225.86		
*Maintenance 0.00			
Comm. Calendar	80.00		
Insurance	1400.00		
City Clean-up - Food	600.00		
Meeting/Convention Fees	200.00		
*Travel 0.00			
Member Education	500.00		
SCORE -lunch 100			
Nonprofit- snack/print 100			
Member Printing	600.00		
Newsletter			
Benefit Tri-fold			
Applications			
Donor Media			
Membership	1200.00		
Window Decals 535.00			
Frames			
Advertising-Trifolds		500.00	
Social Media Tracker		468.00	
Film (Commission?)			500.00
Basic Class 300.00			
* Website Build 0.00			
Web, Domain Fee 179.90			
Burning Man Art		0.00	
* Legal		0.00	
Part-time Employee/s	9354.00		
Taxes	2334.00		
Workman's Comp Ins	?		
	19693.86	968.00	500.00

TOTAL

21,161.86

* Donation

City Council

Meeting Date: September 27th, 2016

TO: Mayor and Council

FROM: Tom Weil, City Manager

Subject: Council Policy "Do Over"

Background: Mayor Pro Tem McGuire has brought a request forward to discontinue the local council policy to allow the public an additional two minutes of discussion on items that come before the council. The public does have the ability to speak for three minutes on any regular item on the Council Agenda.

Recommendation:

Council discuss and make changes to Council Policy as desired.

Fiscal Impact: N/A

The Finance Director has reviewed the staff report and finds the recommendations to be within the budget constraints of the Department

Environmental Impact: None

CB 1.

STAFF REPORT
For
City Council

Council Meeting Date: September 27, 2016

To: Mayor and City Council

From: Chief Eric Hurtado

Subject: Off-Highway Motor Vehicle Recreation Grant - Budget

Background: The California City Police Department submitted several OHMVR grants for the upcoming year (October 1, 2016 – September 30, 2017) and was awarded a total of \$583,515 for three (3) Grants. The grants would replace existing OHMVR Grants that will expire September 30, 2016.

Law Enforcement #16-4227 (**\$128,595**): To supply partial salaries and overtime, fuel, vehicle repairs & maintenance, utilities, air-support rental, and partial truck payment.

Ground Operations #16-4228 (**\$417,068**) Personnel & equipment to maintain dirt routes for Emergency Response vehicles & OHV's, install and maintain "No Trespassing" signage in the second community to prevent off route travel, utilities used at Borax Bill, partial payment of Dump truck, payment for replacement work truck.

Education & Safety #16-4229 (**\$37,852**) Medical supplies, partial contract services for 1st Aid Medical Director, purchase of Emergency Contact Cards, Safety Devices, AED's, and thermal imaging device.

Staff has prepared new Budgets for the replacement OHMVR Grants (See attached).

Recommendations: Accept staff recommendations for new OHV Budgets.

Fiscal Impact: \$583,515 from OHMVR Grant.

The City Finance Director has reviewed this staff report and finds the recommendations to be within the budget constraints of the department.

Environmental Impact: None

CB2.



CITY OF CALIFORNIA CITY
2016-17
EXPENDITURE BUDGET
Law Enforcement G15 - 4227

ACCOUNT NO.	FUND - 16-4227					PROPOSED BUDGET 2016-17
	Personnel Services					
110	Regular Salaries					23,207
111	Straight Overtime					300
112	Premium Overtime					42,308
120	Temporary/Part Time					9,323
132	Medicare					1,204
133	Cafeteria Plan					3,657
134	Retirement					3,631
135	Unemployment Insurance					162
136	Worker's Comp					6,471
	Total Personnel Services					90,263
	Operations and Maintenance					
241	Office Supplies					600
253	Vehicle Equipment					1,800
254	Vehicle Operation/Maintenance					4,300
255	RSI Fuel					4,000
281	Electricity					3,000
287	Water					2,100
630	Other Contracts					14,000
	Total Operations and Maintenance					29,800
	Capital Outlay					
740	Equipment					4,800
	Debt Service					
810	Loan Payment					3,732
	Total Capital Outlay					8,532
	4227 DEPARTMENT TOTAL					128,595

FY 2016-17 FUNDING SOURCES

Grant Reimbursment	\$128,595	100%
Total	\$128,595	100%



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2016-17
OHV LAW ENFORCEMENT G15 - 4227**

OBJECT NUMBER	110	Regular Salaries
FY 2014/15 Adopted Budget	0	Authorized Positions:
FY 2014/15 Estimated Actual	0	1-OHV Sergeant. - 20%
Over/Under Budget	0	80% out of PD fund 18-4212
		1-Grants Admin at 20%
FY 2015/16 Requested Budget	23,207	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	23,207	

OBJECT NUMBER	111	Straight Overtime
FY 2014/15 Adopted Budget	0	Overtime for Officer to work on holidays
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	300	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	300	

OBJECT NUMBER	112	Premium Overtime
FY 2014/15 Adopted Budget	0	Overtime for Officers to work OHV Enforcement
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	42,308	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	42,308	



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2016-17
OHV LAW ENFORCEMENT G15 - 4227**

OBJECT NUMBER	120	Temporary/Part Time
FY 2014/15 Adopted Budget	0	Payments for compensation to employees hired for a specific
FY 2014/15 Estimated Actual	0	time and/or specified part-time purpose.
Over/Under Budget	0	
FY 2015/16 Requested Budget	9,323	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	9,323	

OBJECT NUMBER	132	Medicare
FY 2014/15 Adopted Budget	0	Provides for city paid employer fica taxes
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	1,204	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	1,204	

OBJECT NUMBER	133	Cafeteria Plan
FY 2014/15 Adopted Budget	0	Money that city provides to help employees pay their medical,
FY 2014/15 Estimated Actual	0	dental and life insurance premiums
Over/Under Budget	0	
FY 2015/16 Requested Budget	3,657	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	3,657	



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2016-17
OHV LAW ENFORCEMENT G15 - 4227**

OBJECT NUMBER	134	Retirement
FY 2014/15 Adopted Budget	0	Provides for city paid employer benefits to employees
FY 2014/15 Estimated Actual	0	PERS retirement system.
Over/Under Budget	0	
FY 2015/16 Requested Budget	3,631	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	3,631	

OBJECT NUMBER	135	Unemployment Insurance
FY 2014/15 Adopted Budget	0	This appropriation covers the cost of unemployment insurance
FY 2014/15 Estimated Actual	0	benefits paid to former employees
Over/Under Budget	0	
FY 2015/16 Requested Budget	162	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	162	

OBJECT NUMBER	136	Workers Comp
FY 2014/15 Adopted Budget	0	Provides for city paid employee benefits for workers compensation
FY 2014/15 Estimated Actual	0	premiums pursuant to state law.
Over/Under Budget	0	
FY 2015/16 Requested Budget	6,471	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	6,471	



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2016-17
OHV LAW ENFORCEMENT G15 - 4227**

OBJECT NUMBER	241	Office Supplies
FY 2014/15 Adopted Budget	0	Office Supplies including but not limited to toner, paper, postage, etc.
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	600	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	600	

OBJECT NUMBER	253	Vehicle Equipment
FY 2014/15 Adopted Budget	0	Vehicle equipment, MDT parts, special equipment repairs, antennas, ba
FY 2014/15 Estimated Actual	0	other necessary supplies.
Over/Under Budget	0	
FY 2015/16 Requested Budget	1,800	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	1,800	

OBJECT NUMBER	254	Vehicle Operation/Maintenance
FY 2014/15 Adopted Budget	0	Routine Maintenance costs on OHV Vehicles
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	4,300	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	4,300	



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2016-17
OHV LAW ENFORCEMENT G15 - 4227**

OBJECT NUMBER	255	RSI Fuel
FY 2014/15 Adopted Budget	0	Fuel for Law Enforcement vehicles while working OHV detail
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	4,000	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	4,000	

OBJECT NUMBER	281	Electricity
FY 2014/15 Adopted Budget	0	Electricity to building
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	3,000	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	3,000	

OBJECT NUMBER	287	Water
FY 2014/15 Adopted Budget	0	Not covered in grant, will be covered in permit fund.
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	2,100	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	2,100	



CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2016-17
OHV LAW ENFORCEMENT G15 - 4227

OBJECT NUMBER	630	Other Contracts
FY 2014/15 Adopted Budget	0	Helicopter rental fee
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	14,000	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	14,000	

OBJECT NUMBER	810	Equipment
FY 2014/15 Adopted Budget	0	One drone for searching areas for lost and injured riders.
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	4,800	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	4,800	

OBJECT NUMBER	810	Loan Payment
FY 2014/15 Adopted Budget	0	Final lease payment for the black and white F150
FY 2014/15 Estimated Actual	0	(Remaining amount paid in permit fund)
Over/Under Budget	0	
FY 2015/16 Requested Budget	3,732	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	3,732	



CITY OF CALIFORNIA CITY
2015-16
EXPENDITURE BUDGET
Ground Operations G15 - 4228

ACCOUNT NO.						FUND - 16-4228	PROPOSED BUDGET 2016-17
	Personnel Services						
110	Regular Salaries						142,678
111	Straight Overtime						200
112	Premium Overtime						13,011
120	Temporary/Part Time						0
132	Medicare						2,069
133	Cafeteria Plan						54,750
134	Retirement						13,753
135	Unemployment Insurance						1,463
136	Worker's Comp						19,996
Total Personnel Services							247,920
	Operations and Maintenance						
140	Uniforms/Safety Equipment						1,350
241	Office Supplies						1,200
254	Vehicle Operation/Maintenance						9,600
255	RSI Fuel						9,000
281	Electricity						1,200
287	Water						5,100
450	Special Department Supplies						39,920
630	Other Contracts						61,978
Total Operations and Maintenance							129,348
	Capital Outlay						
740	Equipment						39,800
	Debt Service						
810	Loan Payment						0
820	Interest						0
Total Capital Outlay							39,800
4228 DEPARTMENT TOTAL							417,068

FY 2014-15 FUNDING SOURCES

Grant Reimbursable	\$417,068	100%
Total	\$417,068	100%



CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
Ground Operations G15 - 4228

OBJECT NUMBER	110	Regular Salaries
FY 2014/15 Adopted Budget	0	Authorized Positions:
FY 2014/15 Estimated Actual	0	3-GSW FT
Over/Under Budget	0	1-HEAVY EQUIP OPERATOR FT
		1-GRANTS ADMIN CLERK - 25%
FY 2016/17 Requested Budget	142,678	1-ADMIN TECHNICIAN - 50%
FY 2014/15 Adopted Budget	0	
Increase/Decrease	142,678	

OBJECT NUMBER	111	Straight Overtime
FY 2014/15 Adopted Budget	0	Overtime for service workers on holidays.
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	200	
FY 2014/15 Adopted Budget		
Increase/Decrease	200	

OBJECT NUMBER	112	Premium Overtime
FY 2014/15 Adopted Budget	0	Overtime for service workers
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	13,011	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	13,011	



CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
Ground Operations G15 - 4228

OBJECT NUMBER	120	Temporary/Part Time
FY 2014/15 Adopted Budget	0	
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	0	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	0	

OBJECT NUMBER	132	Medicare
FY 2014/15 Adopted Budget	0	Provides for city paid employer fica taxes
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	2,069	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	2,069	

OBJECT NUMBER	133	Cafeteria Plan
FY 2014/15 Adopted Budget	0	Money that city provides to help employees pay their medical,
FY 2014/15 Estimated Actual	0	dental and life insurance premiums
Over/Under Budget	0	
FY 2016/17 Requested Budget	54,750	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	54,750	



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
Ground Operations G15 - 4228**

OBJECT NUMBER	134	Retirement
FY 2014/15 Adopted Budget	0	Provides for city paid employer benefits to employees
FY 2014/15 Estimated Actual	0	PERS retirement system.
Over/Under Budget	0	
FY 2016/17 Requested Budget	13,753	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	13,753	

OBJECT NUMBER	135	Unemployment Insurance
FY 2014/15 Adopted Budget	0	This appropriation covers the cost of unemployment insurance
FY 2014/15 Estimated Actual	0	benefits paid to former employees
Over/Under Budget	0	
FY 2016/17 Requested Budget	1,463	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	1,463	

OBJECT NUMBER	136	Workers Comp
FY 2014/15 Adopted Budget	0	Provides for city paid employee benefits for workers compensation
FY 2014/15 Estimated Actual	0	premiums pursuant to state law.
Over/Under Budget	0	
FY 2016/17 Requested Budget	19,996	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	19,996	



CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
Ground Operations G15 - 4228

OBJECT NUMBER	140	Uniforms/Safety Equipment
FY 2014/15 Adopted Budget	0	Safety boots, vests, gloves and glasses for crew members to use
FY 2014/15 Estimated Actual	0	while working in the field and at Borax Bill Park
Over/Under Budget	0	
FY 2016/17 Requested Budget	1,350	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	1,350	

OBJECT NUMBER	241	Office Supplies
FY 2014/15 Adopted Budget	0	Office Supplies including but not limited to toner, paper, postage, etc.
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	1,200	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	1,200	

OBJECT NUMBER	254	Vehicle Operation/Maintenance
FY 2014/15 Adopted Budget	0	Vehicle Repairs and Maint to OHV related vehicles
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	9,600	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	9,600	



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
Ground Operations G15 - 4228**

OBJECT NUMBER	255	RSI Fuel
FY 2014/15 Adopted Budget	0	Fuel for equipment vehicles for the OHV vehicles.
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	9,000	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	9,000	

OBJECT NUMBER	281	Electricity
FY 2014/15 Adopted Budget	0	Electricity to building
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	1,200	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	1,200	

OBJECT NUMBER	287	Water
FY 2014/15 Adopted Budget	0	Water for Building
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2016/17 Requested Budget	5,100	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	5,100	



CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
Ground Operations G15 - 4228

OBJECT NUMBER	450	Special Department Supplies
FY 2014/15 Adopted Budget	0	Supplies for projects in the second community. Including
FY 2014/15 Estimated Actual	0	but not limited to irrigation parts, janitorial supplies, signs,
Over/Under Budget	0	hardware, lumber, paint, reflectors, etc.
FY 2016/17 Requested Budget	39,920	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	39,920	

OBJECT NUMBER	630	Other Contracts
FY 2014/15 Adopted Budget	0	Pest control, extra trash bins during busy season, F.I.E.L.D. clean
FY 2014/15 Estimated Actual	0	up crew, articulated concrete, maps for the OHV area, and yearly fee
Over/Under Budget	0	for gps camera.
FY 2016/17 Requested Budget	61,978	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	61,978	



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
Ground Operations G15 - 4228**

OBJECT NUMBER	740	Equipment
FY 2014/15 Adopted Budget	0	For the purchase of a new pick up truck and the partial payment for
FY 2014/15 Estimated Actual	0	new dump truck the remaining amount will be paid through other
Over/Under Budget	0	grant funding.
FY 2016/17 Requested Budget	39,800	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	39,800	



CITY OF CALIFORNIA CITY
2014-15
EXPENDITURE BUDGET
Education and Safety G15 - 4229

ACCOUNT NO.		FUND - 16-4229				PROPOSED BUDGET 2016-17
	Personnel Services					
110	Regular Salaries					
111	Straight Overtime					
112	Premium Overtime					
120	Temporary/Part Time/Overtime					
132	Medicare					
133	Cafeteria Plan					
134	Retirement					
135	Unemployment Insurance					
136	Worker's Comp					
Total Personnel Services		0	0	0	0	0
	Operations and Maintenance					
140	Uniforms/Safety Equipment					8,000
450	Special Dept Supplies					8,000
480	Medical Supplies					12,680
630	Other Contracts					2,172
Total Operations and Maintenance		0	0	0	0	30,852
	Capital Outlay					
740	Purchase of Equipment	0	0		0	7,000
Total Capital Outlay		0	0	0	0	7,000
	Debt Service					
810	Principal	0	0	0	0	0
820	Interest	0	0	0	0	0
Total Debt Service		0	0	0	0	0
4229 DEPARTMENT TOTAL		0	0	0	0	37,852

FY 2014-15 FUNDING SOURCES

Grant Reimbursable	\$37,852	100%
Total	\$37,852	100%



**CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
EDUCATION AND SAFETY G15 - 4229**

OBJECT NUMBER	140	Uniforms/Safety Equipment
FY 2014/15 Adopted Budget	0	Safety equipment and supplies to include but not be limited to:
FY 2014/15 Estimated Actual	0	an assortment of battereis for lights and handheld devices such as
Over/Under Budget	0	GPS etc., smoke flares, power flares, thermal under garments
		including tops and bottoms, hydration packs, and other items as
		needed.
FY 2015/16 Requested Budget	8,000	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	8,000	

OBJECT NUMBER	450	Special Department Support
FY 2014/15 Adopted Budget	0	Emergency Contact Cards
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	8,000	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	8,000	

OBJECT NUMBER	480	Medical Supplies
FY 2014/15 Adopted Budget	0	Medical supplies such as self adhesive bandages, roll gauze/various
FY 2014/15 Estimated Actual	0	sizes, roll tape/various sizes, ace bandages, alcohol pads, wound
Over/Under Budget	0	cleaning pads/supplies, c-collars/various sizes, head immobilization
		device, sterile water, CPR/O2 masks, 3x antibiotic ointment, sterile
		trauma dressing/various sizes, arm slings, etc. two AED devices.
FY 2015/16 Requested Budget	12,680	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	12,680	



CITY OF CALIFORNIA CITY
BUDGET BOXES
FY 2015-16
EDUCATION AND SAFETY G15 - 4229

OBJECT NUMBER	630	Other Contracts
FY 2014/15 Adopted Budget	0	Cost for a medical director time during the busy season.
FY 2014/15 Estimated Actual	0	
Over/Under Budget	0	
FY 2015/16 Requested Budget	2,172	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	2,172	

OBJECT NUMBER	740	Equipment Purchase
FY 2014/15 Adopted Budget	0	Thermal Image Device, Lens, & Bag for drone being purchased in
FY 2014/15 Estimated Actual	0	Law Enforcement Grant
Over/Under Budget	0	
FY 2015/16 Requested Budget	7,000	
FY 2014/15 Adopted Budget	0	
Increase/Decrease	7,000	

CITY COUNCIL

September 27th, 2016

TO: Mayor and City Council

FROM: Tom Weil, City Manager

SUBJECT: Resolution MMB Application Process Fees

BACKGROUND: The implementation of Medical Marijuana application process will require a cost recovery fee schedule for staff and consulting time to be created. The resolution before you outlines the four phases of the application process for which fees will be established once the analysis of cost recovery is completed.

RECOMMENDATION: The City Council review and approve the resolution as presented.

FISCAL IMPACT: N/A

The Finance Director has reviewed the staff report and finds the recommendations to be within the budget constraints of the Department.

ENVIRONMENTAL ACTION: N/A

CB3.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY, CALIFORNIA ADOPTING THE FEE SCHEDULE ASSOCIATED WITH THE APPLICATION PROCESS OF THE ESTABLISHMENT OF MEDICAL MARIJUANA BUSINESSES

WHEREAS, the City of California City is a general law city; and

WHEREAS, the City has the power to make and enforce within its limits all ordinances, resolutions and regulations in respect to municipal affairs not in conflict with general laws; and

WHEREAS, comprehensive zoning regulations and regulations upon the use of land and property lie within the City's police powers; and

WHEREAS, on November 5, 1996, California voters approved Proposition 215, the Compassionate Use Act of 1996 (CUA), codified at California Health and Safety Code section 11362.5, the intent of which was to enable persons with a demonstrated need for marijuana for medical/therapeutic purposes, as recommended by a health care provider, to obtain and to use marijuana, or marijuana-derived compounds, under limited and specified circumstances; and

WHEREAS, on January 1, 2004, Senate Bill 420 codified as California Health and Safety Code section 11362.7 et seq. and entitled the "Medical Marijuana Program Act" (MMPA) became law to clarify the scope of the CUA. Pursuant to California Health and Safety Code section 11362.77(a), a qualified patient or primary caregiver was permitted to possess no more than eight (8) ounces of dried marijuana plant material per patient. In addition, they were also able to maintain no more than six mature or twelve immature marijuana plants per patient unless a doctor authorized an additional amount; and

WHEREAS, the CUA is limited in scope in that it only provides a defense from criminal prosecution for possession and cultivation of medical marijuana to qualified patients and their primary caregivers. The MMPA also is limited in scope in that it establishes a statewide identification program and affords qualified patients, persons with recommendation cards, and their primary caregivers, an affirmative defense to certain enumerated criminal sanctions that would otherwise apply to transporting, processing, administering or distributing marijuana; and

WHEREAS, on October 9, 2015, Governor Brown signed into law the Medical Cannabis Regulation and Safety Act (MCRSA) formerly known as Medical Marijuana Regulation and Safety Act (MMRSA) which consisted of three interrelated pieces of legislation (SB 643, AB 243, and AB 266), intended to provide a comprehensive regulatory framework for the licensing, control, and taxation of medical marijuana related businesses in California; and

WHEREAS, the MCRSA expressly protects a City's local licensing practices, zoning authority, and other local actions taken under the City's constitutional municipal and police powers; and

WHEREAS, the MCRSA contains statutory provisions that:

- (1) Allow local governments to enact ordinances expressing their intent to allow or prohibit the cultivation of marijuana and their intent to administer or not administer a conditional permit program pursuant to California Health and Safety Code section 11362.777 for the cultivation of marijuana;
- (2) Expressly provide that the Act does not supersede or limit local authority for local law enforcement activity, enforcement of local ordinances or enforcement of local permit or licensing requirements regarding marijuana per California Business and Professions Code section 19315(a);
- (3) Expressly provide that the Act does not limit the civil or administrative authority or remedies of a local government provision of law regarding marijuana including, but not limited to, a local government's right to make and to enforce within its limits all regulations not in conflict with general laws per California Business and Professions Code section 19316(c);
- (4) Specifically requires, as a condition of state licensure, compliance with any and all local requirements for all cannabis-related operations;

WHEREAS, the California Supreme Court has made clear that neither the CUA nor the MMPA expressly or impliedly preempts the authority of cities or counties, under their traditional land use and police powers, to allow, restrict, limit or entirely exclude facilities that distribute medical marijuana. The MMPA allowed cities and counties to adopt local ordinances that regulate the location, operation or establishment of medical marijuana collectives and to enforce such ordinances. (City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc. (2013) 56 Cal.4th 729; Health and Safety Code section 11362.83). The same authority encompasses the regulation, operation, or establishment of marijuana cultivation. (Maral v. City of Live Oak (2013) 221 Cal.App.4th 975.) That authority remains undisturbed under MMRSA; and

WHEREAS, marijuana remains an illegal substance under the Federal Controlled Substances Act, 21 USC 801 et seq., which makes it unlawful for any person to cultivate, manufacture, distribute or dispense, or possess with intent to manufacture, distribute or dispense marijuana. The Federal Controlled Substances Act contains no

statutory exemption for the cultivation of marijuana for medical purposes. Federal law lists marijuana as a Schedule I drug, meaning that it has a high potential for abuse, it has no currently accepted medical use in treatment, and there is a lack of accepted safety for use under medical supervision; and

WHEREAS, despite this classification and treatment under federal law, federal executive and law enforcement agencies have issued memoranda and other guidelines allowing for the development of state-specific regulatory schemes that include the provision of marijuana and marijuana-derived products for medical purposes, as long as the administration of those schemes is consistent with the aims of federal law; and

WHEREAS, the City has received inquiries from individuals and incorporated entities inquiring about the ability to open medical marijuana related businesses within the City, including cultivation, dispensaries, distribution, manufacturing, transportation and testing lab businesses. Other than a general prohibition of dispensaries and cultivation, the City has adopted land use controls, regulations and other requirements for the operation of these businesses; and

WHEREAS, without sufficient regulations and standards in effect and which are enforceable pursuant to an adopted ordinance, there is a current and immediate threat to the public health, safety, and welfare of current and future residents of the City, from the establishment of medical marijuana related businesses in the City in a manner which is likely to lead to confusion, public harm, and possible violation of federal executive guidelines; and

WHEREAS, the California Attorney General's 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use recognizes that cultivation or other concentration of marijuana in any location or premises without adequate security increases the risk that nearby homes or businesses may be impacted negatively by nuisance activity such as loitering, or more significant levels of crime; and

WHEREAS, California City Municipal Code Title 9, Chapter 2, Article 29 provides that no land may be used for any purpose other than as permitted and in conformance with the City's zoning laws and other ordinances; and

WHEREAS, the City Council recognizes that the investigation and research of the therapeutic uses for medical marijuana and natural marijuana-derived compounds continues to progress, with at least some demonstrated positive impact on users following the advisement and encouragement of their health care providers, for a variety of ailments, including severely debilitating and terminal illnesses; and

WHEREAS, the City Council recognizes, upon consultation with law enforcement, that supply chains for medical marijuana and marijuana-related products as they currently exist, in the absence of state and local regulatory schemes, can and do benefit criminal elements to the detriment of residents of the State of California, the

County of Kern, and very likely the City of California City, without full regard for public safety, health, and welfare issues; and

WHEREAS, the City Council recognizes the individual freedom and privacy interests that surround the choice of what to take into one's body, following consultation with one's chosen health care provider(s), and for one's own health-related purposes, and in a manner that is responsible in its impacts on others in the community, including children; and

WHEREAS, the City Council also recognizes its obligation to provide guidance on appropriate community standards of health, safety, and welfare, and, where appropriate, to protect residents—especially residents of particularly vulnerable populations like children—from violation and abuse of those community standards; and

WHEREAS, the City Council desires to establish reasonable land use controls and reasonable regulations on the operation of medical marijuana related businesses which are intended to operate in conjunction with the zoning and land use regulations of the City of California City, and which are intended to address the negative impacts, nuisance impacts, and criminal impacts of unregulated cannabis-related businesses; and

WHEREAS, medical marijuana related businesses will be subject to the zoning and land use regulations of the zoning code in which such business establish and operate, as set forth in Title 9, Chapter 2 Article 29 of the California City Municipal Code (the California City Zoning Code), and as otherwise established by the City; and

WHEREAS, the City Council finds that the activities permitted under this ordinance are consistent with and implement the goals and policies of the California City General Plan; and

WHEREAS, the City Council finds that the adoption of this ordinance is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 14 Cal. Code of Regulations Section 15061(b)(3) for the following reasons: (a) this action by itself does not authorize any party to engage in any medical marijuana activity; (b) it is not currently known where, if anywhere, the city will authorize any medical marijuana activities, and therefore such impacts are speculative; (c) there will not be any significant environmental impacts due to cumulative effects from this ordinance, because Chapter 5-6.401 of the ordinance establishes a limit of fifteen (15) cultivation facilities and only two permittees of all other categories of medical marijuana related business such that the total number of permits to be issued is too small to establish any cumulative impact; (d) once an applicant has been selected for presumptive issuance of permit, the official issuance of a permit will be contingent upon the applicant complying with any required environmental review process under CEQA; and

WHEREAS, on August 23, 2016, staff presented the Medical Marijuana Businesses Ordinance to the City Council and the City Council adopted the ordinance on September 13, 2016; and

WHEREAS, the City Council desires to ensure that an application process is established related to the initial selection and investigation process for the establishment of medical marijuana businesses; and

WHEREAS, the proposed application process in this Resolution will screen, evaluate and rank applicants to identify which applicants can advance from the initial application process, Phase 1, through Phase 2, Phase 3, and to Phase 4 for the City Council to decide which applicants will be awarded permits to operate a medical marijuana business.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY DOES RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The following is the application process for the establishment of medical marijuana businesses by the City Manager or his designee as provided in

- 1) Phase 1 consists of the initial application process and determines the applicant's eligibility. All applications are evaluated for completeness, and proposed business locations are evaluated for zoning eligibility. Finally, applicants undergo evaluations on their criminal history.
- 2) Phase 2 begins the evaluation, and ranks applicants which have advanced to Phase 2 by means of a complete and accurate application and eligibility screening. In this Phase, applicants will be ranked based on their proposed location of business, business plan, neighborhood compatibility plan, and safety and security plan. Each of these components is assigned a weight and point level, allowing for scoring of each applicant based on the same criterion. The top twenty-five (25) applicants for cultivation, and the top ten (10) applicants for all other categories excluding dispensaries will move on to Phase 3. Dispensaries will be handled at a later date to a degree they may be authorized under the city's code.
- 3) Phase 3 further evaluates and ranks the top applicants by permit category. Applicants will be interviewed and evaluated by the Selection Committee based on the proposed businesses' final location, business plan, neighborhood compatibility, safety and security, community benefit, enhanced product safety, environmental benefits, labor and employment opportunities, local enterprise growth, and the qualifications of the business's principals. As with Phase 2, each of these components is assigned a weight and point level, allowing for the scoring of each applicant based on the same criteria. The scores from Phase 3 will be combined with the applicant's respective score from Phase 2 to establish a new ranking and identify the top twenty (20) cultivation applicants, and the top three (3) applicants for all the other categories excluding dispensaries as this time. The top twenty (20) cultivation applicants and the top three (3) applicants for all other categories will move on to Phase 4.

- 4) Phase 4 consists of each applicant attending a public meeting with the community and the selection committee. In addition to the already evaluated items, the selection committee will also consider community input, including site inspection results, the feasibility of the business, the viability of the proposed location and establish a final score and ranking. The overall scores will be presented to the City Council who will make the final decision on which applicant may be awarded a permit for each category, excluding dispensaries at this time.

Section 2. The City Manager or his designee shall develop an application form in a format approved by the City Attorney, and as amended from time to time.

PASSED, APPROVED AND ADOPTED this 27th day of September, 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jennifer Wood, Mayor

ATTEST:

Denise Hilliker, City Clerk

(seal)

CITY COUNCIL

September 27th, 2016

TO: Mayor and City Council

FROM: Tom Weil, City Manager

SUBJECT: Medical Marijuana Consultant Contract

BACKGROUND: City Staff feels it is necessary to enlist the aid of an experienced consultant as we move forward with the Medical Marijuana Management Program. We have used the expertise of David McPherson of HdL Companies to guide us to the recent passing of our Medical Marijuana Ordinance and would now like to enter into a consulting agreement to provide subject matter expertise, develop and manage the process to select medical marijuana businesses and conduct a cost recovery and fiscal analysis for California City. The fee for the consulting contract would be not to exceed \$80,000 dollars and would be funded from 10-4134-630 Other Contracts Attorneys. The contract will be at a minimum 98% funded and a new revenue and expenditure line item created once the fee cost recovery analysis is reviewed and adopted.

RECOMMENDATION: The City Council review and approve the contract agreement with HdL Companies as presented and authorize the City Manager to sign the all related documents.

FISCAL IMPACT: N/A

The Finance Director has reviewed the staff report and finds the recommendations to be within the budget constraints of the Department.

ENVIRONMENTAL ACTION: N/A

NBI.

City of California City

Medical Marijuana Management Program

HdL Companies
1340 Valley Vista Dr., Suite 200
Diamond Bar, CA 91765
www.hdlcompanies.com

Contact:
David McPherson
909.861.4335
dmcpherson@hdlcompanies.com



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I. LETTER OF TRANSMITTAL

September 16, 2016

Mr. William T. Weil, City Manager
City of California City
21000 Hacienda Blvd.
California City, CA 93505

Re: Proposal-Provide Subject Matter Expertise, Develop and Manage the Process to Select Medical Marijuana Businesses and Conduct a Cost Recovery and Fiscal Analysis for California City.

Dear Mr. Weil,

Thank you for the opportunity to present this proposal to provide subject matter expertise, develop and manage the process to select Medical Marijuana Businesses and to conduct a cost recovery and fiscal analysis for California City. HdL was incorporated in 1983 and has over 30 years of experience providing revenue enhancement and consulting services to local governments in California. HdL is a consortium of three companies established to maximize local government revenues by providing audit, compliance, economic development, consulting services and software products. Its audit and consulting services include sales, use and transaction taxes, property taxes, transient occupancy taxes, and a Medical Marijuana Management Program. The firm also provides a variety of enterprise software products for business licensing, code enforcement, animal control, building permits and tracking/billing of false alarms. HdL's systematic and coordinated approach to revenue management and economic data analysis is currently being utilized by over 400 agencies in six states. The firm currently serves 44 counties, 299 cities and 79 transactions tax districts in California.

Of particular interest to you and your team is our knowledgeable team of professionals who have direct experience in the establishment and implementation of Medical Marijuana Regulatory Programs including establishing land-use regulations, registration processes, operation regulations for medical marijuana facilities, staffing plans, cost recovery and structuring marijuana business tax fees.

Enclosed please find our detailed scope of services for HdL's Marijuana Management Program. We agree to adhere to the deliverable requirements for a total cost not to exceed \$80,000. However, this will be subject to an agreed upon project schedule between the City of California City and HdL.

We look forward to the opportunity to partner with California City in developing a strategy which meets your program needs. If you have any questions or require additional information, please feel free to contact us at 909.861.4335 or by email at anickerson@hdlcompanies.com or David McPherson at dmcpherson@hdlcompanies.com.

Sincerely,



Andy Nickerson
President, HdL Companies

II. PROPOSED SCOPE OF SERVICES

The regulation, compliance and taxation of medical marijuana is complex and filled with challenging issues. Therefore, the objectives presented in this proposal are based on HdL's experience and the expectations and desired outcomes of the City. However, due to the ongoing evolution of the state's Medical Cannabis Regulation and Safety Act (MCRSA), formerly known as (MMRSA), HdL is agreeable to modifications to this scope of services as deemed necessary by both HdL and City staff. Amendments to this Scope of Services shall be made in writing and shall not constitute additional hours of work without proper compensation unless otherwise approved by the City and HdL.

The Scope of Services to be provided by HdL shall include:

- Kick off meeting(s) with City Staff or City Sub Committees;
- Conduct meetings with City Staff to provide outreach and education on current trends, laws and protocols in the development of policy decisions related to the cannabis industry;
- Identify issues which City staff needs to address to reduce any legal issues or problems prior to issuing regulatory permits to the cannabis businesses;
- Design procedures and application requirements for a permittee selection process that will be used to invite, review, score, and provide recommendations on applicants to operate up to approximately twenty-three (23) medical marijuana businesses;
- Develop a proposed timeline for implementation of the application procedure and request for permit applications, including reviewing qualification statements, records, and documents in coordination with City staff, City officials, or committees, and providing recommendation to the City Council;
- Develop cost recovery fees to recover the City's cost for reviewing all MMJ business applications and issuing MMJ business permits;
- Develop an annual MMJ regulatory fee to recover fees to recover costs associated with administrative oversight or permitted MMJ facilities, conduct code/fire inspections, compliance and financial audits as well as other regulatory functions deemed necessary by the City;
- Provide City technical and policy expertise related to the operations and understanding of the Cannabis Industry in order to ensure compliance with the Medical Cannabis and Safety Act (MCRSA) and all applicable local ordinances; and
- Prepare a fiscal revenue report identifying tax options for the various types of cannabis businesses.

Objective 1: Provide Subject Matter Expertise & Technical Support

Subject matter expertise and technical support will begin upon the execution of a contract with the Consultant which will include the following:

- Consultant shall work with City staff on updating and amending the medical marijuana ordinance where applicable;

- Monitor MCRSA policy development and provide feedback to City staff to ensure that the City is in compliance with any changes which may impact the development of the cities strategy to regulate and tax businesses which will be permitted in the City;
- Participate in staff meetings, conference calls, respond to staff inquires via phone and email, review staff reports to city council and assist with responses to inquiries from the public to staff.
- Committee/Council Meetings: HdL will be present to provide staff and city council technical support for up to two (2) City Committee/Council meetings at the request of the City Administration based on availability; and
- Provide one-on-one consultation to council members to address issues regarding regulations or taxation policies at the request of the City Administration.
- Provide City staff with technical support in developing a regulatory ordinance which will include cultivation, manufacturing, dispensaries, transportation, distribution and testing labs;
- Review city ordinance and provide recommendations to ensure that it complies with all state and local laws and conforms to the best practices to regulate the cannabis businesses in the City.

Objective 2: Program Oversight and Management

The project oversight and management objectives will begin upon the execution of a contract with the Consultant which will include the following:

- **Kickoff Meeting:** HdL will work with the City Manager or his designee to identify key internal stakeholders to attend meetings, define roles of the participants, discuss schedules, and scope of services. In addition, policies will be established for proper protocols and confidentiality of the applicant's documentation to ensure an equitable and fair evaluation process.
- **Develop Application Process and Milestones:** HdL staff will present best practice approaches to designing the qualification review phase and the RFPA review phase. HdL will verify the regulatory requirements and established due dates which shall be approved by City staff.
- **Project Management:** This includes facilitation of internal meetings, conference calls, staff inquiries via phone and email, participation in initial project functions and monitoring of status reports and present completion timelines.
- **Committee/Council Meetings:** HdL will prepare presentations for up to two (2) City Committee/Council meetings at the request of the City Administration.

Objective 3: Application Development and Support

HdL staff will work collaboratively with City staff in developing the MMJ business application and recommending fees for Phase I of the process to ensure cost recovery of staff resources. HdL will screen and review applications and make recommendations to the City on which applicants should be approved for the next phase of the application process.

Objective 3.1 Application Development and Submittal Requirements

Phase I will require each member of the applicant's team to complete the application materials, which will include a Live Scan form, Release & Authorization form and Disclosure and Acknowledgement form.

Prior to Phase II, HdL staff experienced with developing "best practice" MMJ facility applications will collaborate with City staff in order to ensure all information desired by the City is incorporated in the MMJ business application. HdL will review the City's ordinance requirements, the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use (2008), and new regulatory requirements established by the Medical Cannabis Safety Act (MCRSA). Furthermore, HdL will develop evaluation criteria to be used for the review process which will be subject to Council Approval or the City Administrator. In addition to the documents and minimum standard requirements for the filing of the application the RFPA will consider seven (7) key components of the application.

The criteria to be used in the decision process will include the following but not limited solely on these categories:

- Location of the proposed facility
- Articles of incorporation
- Live scan submissions
- Proof of capitalization
- Proof of insurance
- Business plan (includes building & construction, security plan and fire plan)
- Industry experience

Objective 3.2 Development of Cost Recovery Fees

In order to develop a cost recovery fee which complies with Prop 26, HdL will analyze the costs of staff time, overhead, fringe benefits, consultants and other services associated with the regulatory process. HdL staff has experience developing medical marijuana regulatory fees and doing a "fit gap" analysis of staff responsibilities and time allotted to this program to establish appropriate fees for the City's level of oversight and enforcement of the regulatory process.

Objective 3.3 Application Review and Initial Ranking

HdL will review all applications to identify incomplete submissions for immediate disqualification, omissions of live scan submissions of all business partners, and applications which do not conform to zoning requirements for their perspective permit specifically authorized by the RFPA.

The best submissions will be forward thinking and deploy solutions that identify the best “green” practices, while employing “sustainable” energy and waste solutions, and implement the “best practices” available in the medical cannabis industry. Consideration will be given to applications designed to reduce and address actual or potential concerns the City may have regarding nuisance behavior, environmental issues, or product safety.

The specific criteria which will be used in evaluating and rating the applications shall include the following:

- Overall quality of the proposal including responsiveness and conformance to RFP requirements for content and format;
- Quality and appropriateness of proposed applicant team, professional experience and background of primary applicants and key sub lessees;
- Key personnel, project location, and other management staff with required experience and skills relevant to this project;
- Primary applicants experience and ability to manage operations of proposed facility, scheduling of work, cost estimating and budget management;
- Primary makeup of applicant’s corporate board, and prior experience working with local government agencies;
- Patient tracking, product inventory management and recordkeeping;
- Quality and appropriateness of proposed site, business model, organization, and knowledge and experience working with specific legal codes and regulations;
- Transportation plan describing the procedures for safely and securely transporting cannabis products and currency;
- Applicants use and implementation of solutions designed to reduce and address any actual or potential concerns of the City and its residents, and
- Any other additional information which the City would like to incorporate into the selection process which they deemed necessary.

Objective 3.4 Preliminary Results and Recommendations:

All applications will be individually scored by two HdL principals and consolidated into a single results spreadsheet to allow for evaluation of the final results. The scoring spreadsheet will be provided to the City, along with HdL’s recommendations. All applicants which meet the minimum standards from Phase II will be invited to participate in Phase III.

Each of the eligible applicants will be reviewed and rated based on ten (10) point categories. An applicant’s score for points will be based on their ability to meet or exceed minimum requirements in the ten (10) categories. Applicants must provide information on how they plan to meet these point categories. Such action will become a mandatory condition of their permit.

Failure to meet or comply with this requirement will subject applicants to penalties and/or revocation proceedings. The ten (10) categories are as follows:

- Final Location (proof of ownership or a signed and notarized statement from the Property Owner) (200 Points)
- Business Plan (300 Points)
- Community Benefits (300 Points)
- Enhanced Product Safety (200 Points)
- Environmental Benefits (300 Points)
- Labor & Employment (200 Points)
- Local Enterprise (200 Points)
- Neighborhood Compatibility Plan (200 Points)
- Qualifications of Principals (300 Points)
- Safety and Security Plan (300 Points)

Objective 4: Facility Inspection and Interview Panel Support

HdL will assist City staff with conducting site verification prior to Phase III if applicable. In addition, HdL staff will prepare panel interview questions to be used by City staff for the final ranking of candidates.

All eligible applicants from Phase II will advance to Phase III which will consist of a Selection Committee interview panel. Prior to scheduling the panel interviews all proposed site locations will be inspected to determine if applicants have been operating prior to being issued a permit. Any applicants identified as having been in operation without a permit will be disqualified. If it is determined that an operation was pre-existing but did not pay past taxes, such failure to disclose this information will cause the application to be disqualified from consideration. In addition, any misrepresentation, failure to disclose, or withholding of information pertinent to this application process including but not limited to prior operations, board and management composition, pre-constructed sites, gross receipts, length of time operating, etc. may result in immediate disqualification.

Once the site inspection has been completed the applicants will be scheduled for a panel interview. The interview panel will consist of subject matter experts from the following departments: Public Works Department, Planning Division, Finance, Fire, and Police. Please note it is HdL's recommendation that the City Attorney's Office not participate on this panel in order to remain neutral in case of an appeal or potential litigation which they will have to defend. However, it will be the City's sole discretion on how to address this issue.

Objective 5: Final Selection and Presentation to Council

- Following the objective ranking of the application materials and the interview panels scoring, HdL will assist staff to bring forward for the City Council's consideration recommendations for issuing permits for all eligible applicants in the priority order. Applicants will all be scored in order to prioritize the eligibility list of permits in case the State limits the number of permits per Business & Professions Code §19332 (g) (8).
- HdL will be available to assist City staff with responses to questions or to provide other assistance at City Council meetings.

Objective 6: Cost Recovery and Revenue Fiscal Analysis

Objective 6.1 Cost Recovery

- Develop cost recovery fees to recover the City's costs associated with reviewing applications and issuing permits. This will include the initial application process, Conditional Use Permit if applicable and the annual regulatory permit.

Objective 6.2 Revenue Fiscal Analysis

- Prepare a fiscal revenue report identifying tax options for the various types of cannabis businesses which will be operating in the City in order to develop a tax strategy which maximizes the economic benefit for the City.

III. COST

HdL's fee proposal is based on time, materials and travel expenses associated with the execution of the services. It is based on the current scope of services as outlined in Objectives 1 through 6 for a fee not to exceed \$80,000. This fee is based on the current requirements presented to HdL by City staff in order to meet these requirements and the following assumptions:

Scope of Service Objectives	Estimated Hours of Labor/Budget
Objective 1 – Subject Matter Expertise and Technical Support	100 Hours/\$25,000
Objective 2 – Program Oversight and Management	100 Hours/\$25,000
Objective 3 – Application Development and Support	40 Hours/\$10,000
Objective 4 – Facility Inspection and Interview Panel Support	50 Hours/\$12,500
Objective 5 – Final Selection and Presentation to Council	10 Hours/\$2,500
Objective 6 – Cost Recovery and Fiscal Analysis	20 Hours/\$5,000
Total	320 Hours/\$80,000

Objective 1: Cost Assumptions -Subject Matter Expertise and Technical Support

- Subject matter expertise and technical support will be provided. However, should Consultant be required to attend meetings, travel time will be billed at half the hourly rate of a Principal for up to two hours per on site visit.

Objective 2: Cost Assumptions – Program Oversight and Management

- Program management assumes project time will not exceed more than 9-12 months before awarding permits to the successful applicants.

Objective 3: Application Development and Support

- The estimated timeline for the adoption of regulations and implementation of the application process is approximately 120 days. HdL estimates that it will take up to 120 days to complete the application process up to awarding the permit by the designated authority unless it encounters delays resulting from the completion of the background requirements.

Objective 4: Facility Inspections and Interview Panel Support

- HdL will conduct facility inspections for all applicants if applicable and provide technical support for the interview panel.

Objective 5: Final Selection and Presentation to Council

- HdL will attend up to two (2) City Council meetings to complete the final selection process.

Objective 6: Cost Assumptions – Cost Recovery and Fiscal Analysis

- A “Fit Gap” analysis will be conducted to ensure the City recoups all cost associated with the initial application process and annual regulatory cost associated with the Medical Marijuana Management Program.
- Using its proprietary software and database, HdL will provide a fiscal analysis based on its understanding of cannabis industry trends, demographics and geographical location of the City in the State of California.
- HdL will conduct one (1) fiscal analysis report which will include business tax and sales tax assumptions if applicable.

IV. EXPERIENCE AND RESOURCES

Company Profile

Founded in 1983, HdL is a consortium of three companies established to maximize local government revenues by providing audit, compliance, economic development, consulting services and software products. Its audit and consulting services include sales, use and transaction taxes, property taxes, transient occupancy taxes, and a Medical Marijuana Management Program. The firm also provides a variety of enterprise software processing tools for business licensing, code enforcement, animal control, building permits and tracking/billing of false alarms. HdL's systematic and coordinated approach to revenue management and economic data analysis is currently being utilized by over 400 agencies in six states. The firm currently serves 44 counties, 299 cities and 79 transactions tax districts in California.

HdL's key staff has extensive experience serving local government and many have previously held positions in city management, finance, planning, economic development or revenue collection. HdL is a Corporate Partner of the League of California Cities and California State Association of Counties, and works extensively with the County Auditor's Association of California, California Society of Municipal Finance Officers (CSMFO) and California Municipal Revenue and Tax Association (CMRTA) on anticipation and planning of programs to strengthen local government revenues.

This close understanding of local government needs coupled with extensive databases and advance methodology provides for the most relevant, productive and responsive, revenue recovery, forecasting and economic services available.

Key Personnel

David McPherson is a Principal at HdL Companies which represents over 400 cities and counties in California. Prior to joining the firm, he served 28 years in local government for the County of Orange, the cities of Newport Beach, San Jose and Oakland. While working for the City of Oakland, he became the first Tax Administrator in the Country to successfully tax, audit and help regulate the Cannabis Industry. David has been recognized by government officials and the cannabis industry as one of the state's most recognized cannabis experts. His expertise in cannabis horticulture, processing, dispensary operations, regulatory compliance and financial audits has made him one of the most successful cannabis industry government consultants. David has analyzed over \$400 million in venture capital funding and \$800 million in tax data statewide to assist local agencies in making economic development

decisions related to cannabis businesses which is expected to generate nearly \$200 million in local taxes. He was also given the honor of becoming a contributing economist to Marijuana Business Daily in which he provides in depth revenue data analytics into the Cannabis Industry in California.

David continues to use his experience dealing with the Industry to assist local and state agencies in developing medical marijuana policies for regulation, taxation, compliance, auditing and economic development. He worked closely with the League of Cities and lobbyists on the development of AB 243, SB 243 and AB 266 which established the Medical Cannabis Regulation and Safety Act. He also continues to work on implementation and regulatory requirements for Prop 64 with local agencies to mitigate several issues surrounding the ballot measure. Furthermore, he continues to provide technical support to the League of Cities, the Police Chief Association, RCRC and CSAC. In addition, he continues to work collaboratively with the Department of Consumers Affairs, Department of Food & Agriculture, Department Health Services and the Board of Equalization in the implementation of best practices in regulating the Cannabis Industry.

V. REFERENCES

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STAFF REPORT

For City Council

Council meeting date: September 27, 2016

To: Mayor and Council
From: Police Chief Hurtado
Subject: "Provider" accreditation of Police Dept. TACMED Program

Background:

"There is a paradigm shift happening in the public's expectations of how law enforcement handles medical emergencies. The days are over where officers stood around calling for medical aid on their radios while a victim or even suspect bled to death. The public expects officers to render aid and attempt to save lives" – Lawrence Heiskell, M.D.¹

Emergency medical aid by police officers is the first chain in the continuum of emergency medical care that the public rightfully expects.

The State of California recently took a number of legislative and regulatory actions to further expand law enforcement responsibilities in the provision of emergency medical care. On April 1, 2015, Title 22 of the California Code of Regulations was amended to increase the emergency medical training standards applicable to peace officers. The new requirements are effective January 1, 2017 and reflect increased public expectations on law enforcement.

In addition, in response to numerous active shooting incidents, Governor Brown signed Assembly Bill 1598 (Chapter 668, Statutes of 2014) which requires, among other things, law enforcement agencies to integrate into the local emergency medical services system and to provide Tactical Casualty Care (TCC) training to peace officers.

Across the country, law enforcement agencies have been confronted by rapidly evolving and intensifying threats of terrorism, active shooter incidents, as well as a significant upsurge in violence directed towards police officers. At the same time, public expectations of the roles and responsibilities of local law enforcement have expanded well beyond criminal apprehension. **The public holds law enforcement accountable for medical aid that they *do not* provide.**

¹ Heiskell, M.D., Lawrence. "Why Officers Need Advanced Medical Training." *Policemag.com* 9 June 2016: Online

As a result of the foregoing, the Police Dept. initiated an assessment of our current capabilities, surveyed other law enforcement agencies, researched standards and best practices, and identified areas where improvements must be made.

CCPD capabilities

For years, CCPD has utilized both first responders and Basic Emergency Medical Technicians - in an unaccredited program - to fulfill the current public safety requirements of Title 22 of the California Code of Regulations. Effective January 1, 2017, CCPD will be required to comply with the new Title 22 requirements.

Examples of needed improvements:

- Members of CCPD are not currently issued narcotic overdose antidote medications for emergency use when officers may be accidentally exposed to dangerous narcotics in the course of searching suspects. Two New Jersey Detectives were hospitalized following airborne exposure to illegal narcotics². Currently, approximately 680 law enforcement agencies across the country have issued narcotic antidote medication to their officers. KCSO recently saved an Oildale woman after deputies gave her narcotic antidote medication³.
- Members of CCPD are not currently issued AED's for cardiac arrests. When the heart fails, seconds — not minutes — can mean the difference between life and death. There are more police officers on the street and mobile at one time than there are fire or ambulance responders. Because officers are out in the community already, and because police vehicles are capable of getting around more quickly than an ambulance or a fire engine, police officers are usually the first to arrive at the scene of sudden cardiac arrest, usually by a few minutes. New York State Police doubled the national average for AED 'saves' by putting an AED in every state police car⁴.
- Other than those members who are certified as EMT's, many members of CCPD are not currently authorized to administer oxygen or use airway adjuncts to ensure oxygen is delivered to the lungs.

² Salter, Jim. "Fentanyl's deadly risk to cops is changing the way narcotics officers operate." *Policeone.com* 26 June 2016: Online.

³ Loving, Zuriel. "Kern County Sheriff's deputies use Narcan for the first time to help a drug overdose victim." *Tumto23.com* 18 July 2016: Online.

⁴ The Post-Star News. "NY State Police double national average for AED 'saves'". *Policeone.com* 12 March 2014: Online.

Provider accreditation by County EMS Division

With notable exceptions, program accreditation is not yet statutorily required for emergency medical care provided below the Advanced EMT level (Cal. Health & Safety Code § 1797.178; § 1797.206). The exception that requires provider accreditation is triggered when responders seek to utilize “local optional skills” such as: AED’s, oxygen and airway adjuncts, narcotic overdose and nerve agent antidotes, and other time sensitive basic life-saving tools.

Although the legislature has not yet required public safety agencies to obtain program accreditation from the local EMS agency for rudimentary care, standards discussed later in this staff report encourage law enforcement agencies to accredit their emergency medical programs with the local EMS agency.

Staff has determined that authorized access to narcotic overdose and nerve agent antidotes, airway adjuncts, oxygen, AED’s, and other basic but critical life-saving tools is necessary for CCPD to meet new standards and expectations, and to provide a level of service comparable to the Kern County Sheriff, California Highway Patrol and a growing list of other law enforcement agencies who are operating first responder emergency medical programs.

Accrediting our existing emergency medical program with the Kern County EMS Division will enable CCPD to utilize “local optional skills” and move our emergency medical program into a more formal structure with improved standards and protocols, and increased oversight.

Survey of other law enforcement agencies

- Kern County Sheriff: KCSO is in the process of training their deputies to higher emergency medical standards. Every KCSO patrol car now carries an Automated External Defibrillator (AED), narcotic overdose antidote, and other emergency medical supplies, including Tactical Casualty Care equipment. KCSO utilizes EMT’s in several program areas as well. In addition, KCSO has two Paramedic trained Deputy Sheriff’s assigned to the SWAT and Search & Rescue aviation programs. In 2017, KCSO will begin training patrol deputies to the Emergency Medical Responder level. KCSO recently received local accreditation from the Kern County EMS Division for both their emergency medical programs.
- California Highway Patrol: Every CHP Officer is trained at the Emergency Medical Responder level and hundreds of others are trained at the EMT level. CHP Air Operations and SWAT both use Paramedic trained Highway Patrol

Officers. As a statewide agency, CHP's emergency medical programs are accredited by the California Emergency Medical Services Authority.

- Hawthorne Police: All Hawthorne Police Officers are trained to the Title 22 standards and receive additional TCC training consistent with AB-1598. Approximately 25% of HPD Officers are trained and equipped as EMT's.
- Los Angeles County Sheriff: All LASD Deputies are trained to the Title 22 standards. LASD uses EMT trained reserve deputies and volunteers in their search and rescue program and Paramedic trained deputies in their SWAT and Search & Rescue aviation programs. LASD's emergency medical programs are accredited by the Los Angeles County EMS Agency.
- Morris Township Police (NJ): The Police Dept. in Morris Township, NJ (Pop. 22,000) has begun training their officers as Emergency Medical Technicians for use across all department functions.

Best practices, minimum standards and Department responsibilities

The National Tactical Officers Association SWAT Standards (2015) call on law enforcement agencies to develop Tactical Medical capabilities. Similarly, California Peace Officer Standards and Training (POST) Operational Guidelines (2005) call for integration of a tactical medical element into the structure of the law enforcement agency. In 2010, POST published standardized tactical medicine recommendations that, among other things, encouraged law enforcement agencies to develop comprehensive tactical medicine operational programs. The recommendations established EMT level capability as the minimum standard for law enforcement agencies.

The Law Enforcement Guide for Emergency Operations (Published by the Governor's Office of Emergency Services) identifies medically trained Peace Officer's (EMT's) as a Standardized Emergency Management System (SEMS) resource type component of Mobile Field Force deployments to be used in large scale law enforcement centered incidents.

A common theme emerged from review of survey comments returned by OHV users; continue or further improve CCPD's Search & Rescue capabilities. Program accreditation will improve the level of service provided to this population.

Finally, the Police Department has a statutory duty to enforce isolation and quarantine orders of the Health Officer during public health emergencies (Cal. Health &

Safety Code § 120175-120250; § 120195-120235). Staff has determined that members of CCPD trained to the EMT level are best suited to perform this duty.

Required steps for accreditation

To receive accreditation, the CCPD must submit an application to the Kern County EMS Division and agree to abide by system standards and protocols which include requirements for staffing, equipment inventory, record keeping and quality improvement. Kern County EMS reviews the application and approves it if it meets approval criteria. Provider accreditation is not transferrable between agencies.

CCPD's existing unaccredited program already complies with many of the requirements that accreditation will impose, however, provider accreditation will require the Department to contract with a data vendor to collect and submit electronic data to the County EMS Division pursuant to section 1797.227 of the Health & Safety Code, partner with a medical director for CQI and minor prescribing activities, and to acquire some additional medical supplies compliant with minimum equipment inventory such as narcotic antidote overdose kits and automated external defibrillators.

Summary

The Department seeks provider accreditation with the Kern County EMS Division in order to comply with new regulatory requirements, prepare for growing threats of terrorism, improve officer safety, meet higher public expectations, and provide a level of service comparable to the Kern County Sheriff, CHP and a growing list of other law enforcement agencies.

The Department regularly purchases emergency medical supplies and will incorporate much of the minimum inventory imposed by accreditation into existing budget lines. In addition, staff has identified grant sources of funding.

Acquisition of automated external defibrillators represents the largest one-time cost. Staff has identified grant sources that will substantially assist with the acquisition of AED's.

A medical director is required to participate in program CQI, facilitate acquisition of narcotic overdose antidote kits, oxygen airway adjuncts, and oversee AED use. The Police & Fire Rescue Departments may discuss in the future a "shared" medical director.

Recommendation:

- (1) Authorize the Police Chief to submit an application for accreditation of the TACMED program and sign a provider agreement with the Kern County EMS Division.
- (2) Authorize the Police Chief to sign an agreement with a data provider to transmit program data to the Kern County EMS Division.
- (3) Adopt corresponding resolution

Fiscal impact:

Approximately \$18,000 for first year start-up.

Medical Director (18-4212-630)	\$12,000
PCR program (18-4212-632)	\$ 2,000
AED's (16-4229-480)	\$ 1,400
Start-up Supplies (18-4212-450)	\$ 2,600

Approximately \$16,000 subsequent years depending on rise/fall of crime.
(Medical Director, PCR fees, Supplies, etc.)

Environmental impact:

None.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALIFORNIA CITY, CALIFORNIA, AUTHORIZING THE SUBMITTAL OF A PROVIDER APPLICATION TO THE LOCAL EMERGENCY MEDICAL SERVICES AGENCY; AND IF APPROVED, THE EXECUTION OF AN AGREEMENT AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE KERN COUNTY EMS SYSTEM.

WHEREAS, in some communities, police officers are credited with facilitating some of the highest reported survival rates for out-of-hospital cardiac arrest through their very early delivery of basic defibrillation using automated external defibrillators; and

WHEREAS, in the tactical environment, it has been demonstrated that fellow tactical responders with medical training can definitively save the lives of team members by their immediate on-scene interventions; and

WHEREAS, CPR, AED use, airway management, hemorrhage control, and other basic actions by those on scene are definitively lifesaving, but also dramatically increase the odds of survival with return of full function; and

WHEREAS, with the evolution of law enforcement operations and public expectations, counter-terrorism preparedness, event and mass gathering deployments, and the general need for law enforcement responses in daily 911-type incidents, there is a need for law enforcement personnel to better understand basic on-scene medical care; and

WHEREAS, there is a disturbing upward trend of violence directed towards police officers, and active shooter and terrorism incidents are on the rise; and

WHEREAS, police officers and police K9's face unprecedented threats from inadvertent exposure to opiates in the course of narcotics investigations, and basic life-saving tools such as oxygen, airway adjuncts, bag valve masks, suction and narcotic antidote medications are not available to police officers without Police Department accreditation from the Local Emergency Medical Services Agency; and

WHEREAS, it is the desire of the City of California City to improve public safety by equipping its police officers to provide first response emergency and tactical medical care to its employees and the public, consistent with best law enforcement practices,

and in a manner, and level comparable to other law enforcement agencies including, but not limited to the Kern County Sheriff and the California Highway Patrol; and

WHEREAS, Local Emergency Medical Services Agency accreditation of the California City Police Department emergency medical program will provide greater medical oversight, improved training, and provide enhanced access to basic life-saving tools;

NOW, THEREFORE THE CITY OF CALIFORNIA CITY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. The City Council authorizes the Chief of Police to submit a provider application to the Kern County EMS Division and to execute a provider agreement and any amendments thereto; and any related documents necessary to participate in the Kern County EMS System.

Section 2. All the recitals in this Resolution are true and correct and this City so finds, determines and represents.

PASSED, APPROVED and ADOPTED this 27th day of September 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

DENISE HILLIKER
City Clerk
City of California City

JENNIFER WOOD
Mayor
City of California City

CITY COUNCIL

Tuesday, September 27, 2016

TO: Mayor and City Council

FROM: Jason B. Williams, Acting Finance Director

SUBJECT: Presentation of FY 2014-15 Financial Audit Report Prepared by Moss, Levy & Hartzheim, Certified Public Accountants.

BACKGROUND:

The goal of a financial statement audit is to provide users of a given set of financial statements with independent assurance that they can rely upon the information presented in those financial statements. Auditors use a variety of means to obtain the evidence they need to provide such assurance. Specifically, auditors.

- Inspect relevant documentation
- Observe employee performance
- Inquire concerning policies, procedures, transactions, and events
- Confirm balances and transactions with outside parties
- Perform analytical procedures to determine the reasonableness of transactions and balances

Audit Opinions:

At the conclusion of the audit, the auditor renders an opinion on the overall financial statements of the City. In other words, this is sometimes referred to as a report card. An unmodified opinion can be interpreted as an "A", whereas an adverse opinion can be interpreted as an "F". There are generally four types of audit opinions that auditors may render on the financial statements which are:

- **Unmodified Opinion (Letter Grade "A")** - When expressing an unmodified opinion on financial statements, the auditor's opinion should state that the financial statements present fairly, in all material respects, the financial position of the entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended, in accordance with the applicable financial reporting framework.
- **Qualified Opinion (Letter Grade "C")** – **a.** The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements or **b.** The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.
- **Adverse Opinion (Letter Grade "F")** - The auditor should express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

- **Disclaimer (No letter Grade)** – The auditor should disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements, if any, could be both material and pervasive.

Highlights of FY 2014-15 Audit (See Attached Audit Report):

1. **Audit Opinion** - The City's auditor has rendered an unmodified opinion on the overall financial statements of the City (**Letter Grade "A"**).
2. **General Fund** - The City's FY 2014-15 general fund audited fund balance is \$9,028,266. The FY 2016-17 general fund adopted budget estimated the FY 2014-15 general fund balance to be \$3,213,147. It should be noted that \$4,000,000 of the audited fund balance is related to a prior period adjustment for "Land for Resale," which is nonspendable. Furthermore, the City's unassigned balance is \$4,529,453. As a result, the City's audited unassigned (discretionary) fund balance exceeded budgeted fund balance by (\$4,529,453 - \$3,213,147) \$1,316,306. Per further analysis, the actual increase in discretionary funds was approximately \$275,265, which we recommend be used for the items outlined in Attachment 1.
3. **Enterprise Funds (Water/Sewer)** – During FY 2014-15, the sewer fund continued to operate with deficit balance, while the water fund operated with a positive change in net position. The water fund operating income (with depreciation) was \$272,663 (before transfers), and a \$179,895 income (after transfers). However, the sewer fund operating loss (with depreciation) was (\$392,351) before transfers and (\$417,267) after transfers. Please refer to page 16 of the audited financial statements.
4. **Net Pension Liability:** Due to the pension reporting requirements under GASB 68, governmental entities are now required to report the full net pension liability (unfunded accrued liability) in their audited financial statements. As a result the amount reported for the City's net pension liability as of June 30, 2015 is \$10,984,726 (Miscellaneous Plan: \$5,653,973; Public Safety Plan: \$5,330,753). See Note 7, P.45 of the audited financial statements for more detail.
5. **Audit findings and recommendations** – As part of the FY 2014-15 audit, the auditing firm Identified 10 areas of our internal control structure that they believe could be improved (See attached management report). It should be noted that findings 1 and 8 were ones carried over from the prior year, which we addressed in response to last year's management report through the preparation and implementation of the accounting policies and procedures manual. In addition, finding number 4 was addressed immediately when brought to our attention, while finding number 7 was one for which remedial action was taken based on a monthly review, not based on the finding noted here. Also, finding 6 was one we brought to the attention of the auditors and have addressed throughout the course of FY 15-16. Regarding the status of prior year findings, it should be noted that findings 2, 3, 8, 9, and 10 were deemed implemented, while findings 5, 6, and 7 were deemed partially implemented. The remainder were deemed not implemented.

RECOMMENDATION:

For the City Council to receive and file report. Also, it is recommended that the City Council earmark the \$275,000 in discretionary funds as outlined in Attachment 1.

FISCAL IMPACT:

\$275,000 decrease in General Fund discretionary fund balance for use in items outlined in Attachment 1.

ENVIRONMENTAL ACTION:

None.

CITY OF CALIFORNIA CITY, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2015

CITY OF CALIFORNIA CITY

JUNE 30, 2015

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MOSS, LEVY & HARTZHEIM LLP

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Independent Auditor's Report

To the City Council
City of California City
California City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of California City, California (City), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of California City, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the City's Proportionate Share of the Net Pension Liability on pages 55 and 57, the Schedule of Contributions on pages 56 and 58, and the budgetary comparison schedules on pages 59 through 63, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining nonmajor governmental funds financial statements, nonmajor governmental funds budgetary comparison schedules, combining nonmajor proprietary funds financial statements, and the combining private purpose trust funds financial statements are presented for the purpose of additional analysis and are not required parts of the financial statements.

The combining nonmajor governmental funds financial statements, nonmajor governmental funds budgetary comparison schedules, combining nonmajor proprietary funds financial statements, and combining private purpose trust funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
August 16, 2016

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CITY OF CALIFORNIA CITY
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 8,572,890	\$ 1,581,285	\$ 10,154,175
Receivables:			
Interest	5,117	917	6,034
Accounts	395,307	637,452	1,032,759
Taxes	319,788		319,788
Due from other governments	1,333,670	456,862	1,790,532
Prepaid costs	523,743	45,259	569,002
Internal balances	240,922	(240,922)	
Due from Successor Agency Trust Fund	21,669,224		21,669,224
Allowance Due from Successor Agency Trust Fund	(20,684,224)		(20,684,224)
Land held for resale	4,000,000	76,250	4,076,250
Restricted assets:			
Cash and investments	84,026,710		84,026,710
Interest receivable	188,402		188,402
Capital assets not being depreciated	1,877,518	518,788	2,396,306
Capital assets - net of accumulated depreciation	20,382,094	13,350,772	33,732,866
Total assets	122,851,161	16,426,663	139,277,824
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,181,593	199,336	1,380,929
Total deferred outflows of resources	1,181,593	199,336	1,380,929
Total assets and deferred outflows of resources	124,032,754	16,625,999	140,658,753
LIABILITIES			
Accounts payable	623,745	319,192	942,937
Accrued liabilities	438,101	132,575	570,676
Accrued interest	4,613	73,163	77,776
Unearned revenue	1,255,013	437,553	1,692,566
Deposits payable	14,500	90,284	104,784
Noncurrent liabilities:			
Due within one year	313,372	170,248	483,620
Due in more than one year	9,703,711	8,276,541	17,980,252
Total liabilities	12,353,055	9,499,556	21,852,611
DEFERRED INFLOW OF RESOURCES			
Pension	1,922,041	425,332	2,347,373
Total deferred inflows of resources	1,922,041	425,332	2,347,373
Total liabilities and deferred inflows of resources	14,275,096	9,924,888	24,199,984
NET POSITION			
Net investment in capital assets	21,814,665	7,448,867	29,263,532
Restricted for:			
Community development	156,658		156,658
Subdivision improvement	84,215,112		84,215,112
Maintenance	97,488		97,488
Public works	1,929,309		1,929,309
Parks and recreation	12,964		12,964
Public safety	1,736,916		1,736,916
Housing	1,200,518		1,200,518
Water meter installation		216,937	216,937
Water standby		2,596,140	2,596,140
Unrestricted	(1,405,972)	(3,560,833)	(4,966,805)
Total net position	\$ 109,757,658	\$ 6,701,111	\$ 116,458,769

See Notes to Basic Financial Statements

CITY OF CALIFORNIA CITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ (2,026,532)	\$ 97,821	\$ 6,635	\$ 2,801
Public safety	(7,338,951)	209,438	7,812,372	171,130
Parks and recreation	(658,803)	7,412	61,765	
Public works	(1,705,800)	123,510	1,506,956	873,783
Community development	(17,963)	2,195	250,000	
Interest on long-term debt	(10,569)			
Total Governmental Activities	(11,758,618)	440,376	9,637,728	1,047,714
Business-type Activities:				
Water	(3,508,554)	3,748,860		
Sewer	(1,481,050)	1,086,381		
Airport	(686,050)	184,021		338,624
Kern COG Transportation	(228,852)	28,728	145,237	
Water reserve	(960)	291,752		
Total Business-Type Activities	(5,905,466)	5,339,742	145,237	338,624
Total Primary Government	\$ (17,664,084)	\$ 5,780,118	\$ 9,782,965	\$ 1,386,338

General Revenues:

Taxes:
Sales taxes
Property taxes levied for general purposes
Franchise taxes
Transient occupancy taxes
Business license taxes
Intergovernmental - unrestricted:
Motor vehicle in lieu
Earnings on investments
Miscellaneous
Transfers

Total general revenues and transfers

Change in net position

Net position - July 1, 2014

Prior period adjustments

Net position - July 1, 2014, Restated

Net position - June 30, 2015

See Notes to Basic Financial Statements

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,919,275)	\$ -	\$ (1,919,275)
853,989		853,989
(589,626)		(589,626)
798,449		798,449
234,232		234,232
(10,569)		(10,569)
(632,800)		(632,800)
	240,306	240,306
	(394,669)	(394,669)
	(163,405)	(163,405)
	(54,887)	(54,887)
	290,792	290,792
	(81,863)	(81,863)
(632,800)	(81,863)	(714,663)
261,123		261,123
2,016,467	61,038	2,077,505
359,045		359,045
62,858		62,858
38,943		38,943
6,153		6,153
9,581	2,403	11,984
836,439	38,754	875,193
127,684	(127,684)	
3,718,293	(25,489)	3,692,804
3,085,493	(107,352)	2,978,141
109,567,357	13,321,276	122,888,633
(2,895,192)	(6,512,813)	(9,408,005)
106,672,165	6,808,463	113,480,628
<u>\$ 109,757,658</u>	<u>\$ 6,701,111</u>	<u>\$ 116,458,769</u>

CITY OF CALIFORNIA CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

		Special Revenue Funds		
	General	Street Maintenance	Subdivision Deferred Improvement	Special Tax
ASSETS				
Cash and investments	\$ 4,251,408	\$ 1,977,137	\$ -	\$ 115,307
Receivables:				
Interest	2,971	1,068		60
Accounts	335,063			
Taxes	56,687	66,970		41,291
Other governments		1,255,013		
Land held for resale	4,000,000			
Successor Agency receivable			20,684,224	
Allowance - Successor Agency receivable			(20,684,224)	
Prepaid costs	398,813	9,658		
Due from other funds	645,897			
Restricted assets:				
Cash and investments			84,026,710	
Interest receivable			188,402	
Total assets	<u>\$ 9,690,839</u>	<u>\$ 3,309,846</u>	<u>\$ 84,215,112</u>	<u>\$ 156,658</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 260,769	\$ 108,517	\$ -	\$ -
Accrued liabilities	153,279	17,007		
Unearned revenues		1,255,013		
Deposits payable	14,500			
Due to other funds				
Total liabilities	<u>428,548</u>	<u>1,380,537</u>		
Deferred inflow of resources:				
Deferred revenues - unavailable grant revenues	<u>234,025</u>	<u>66,970</u>		
Fund balances:				
Nonspendable:				
Land held for resale	4,000,000			
Prepaid costs	398,813	9,658		
Restricted for:				
Housing				
Parks and recreation				
Public safety				
Street maintenance		1,852,681		
Subdivision infrastructure			84,215,112	
Community development				156,658
Assigned:				
Parsac insurance	100,000			
Unassigned	<u>4,529,453</u>			
Total fund balances	<u>9,028,266</u>	<u>1,862,339</u>	<u>84,215,112</u>	<u>156,658</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 9,690,839</u>	<u>\$ 3,309,846</u>	<u>\$ 84,215,112</u>	<u>\$ 156,658</u>

See Notes to Basic Financial Statements

<u>Special Revenue Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Public Safety Services</u>			
\$ 1,668,529	\$ 560,509	\$ 8,572,890	
840	178	5,117	
60,244		395,307	
140,761	14,079	319,788	
	78,657	1,333,670	
		4,000,000	
	985,000	21,669,224	
		(20,684,224)	
111,903	3,369	523,743	
		645,897	
		84,026,710	
		188,402	
<u>\$ 1,982,277</u>	<u>\$ 1,641,792</u>	<u>\$ 100,996,524</u>	
\$ 231,399	\$ 23,060	\$ 623,745	
242,893	24,922	438,101	
		1,255,013	
		14,500	
	404,975	404,975	
<u>474,292</u>	<u>452,957</u>	<u>2,736,334</u>	
	9,607	310,602	
		4,000,000	
111,903	3,369	523,743	
	1,200,518	1,200,518	
	12,964	12,964	
1,396,082	225,562	1,621,644	
		1,852,681	
		84,215,112	
	97,488	254,146	
		100,000	
	(360,673)	4,168,780	
<u>1,507,985</u>	<u>1,179,228</u>	<u>97,949,588</u>	
<u>\$ 1,982,277</u>	<u>\$ 1,641,792</u>	<u>\$ 100,996,524</u>	

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CITY OF CALIFORNIA CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Fund balances of governmental funds \$ 97,949,588

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in governmental funds. 22,259,612

Under the modified accrual basis of accounting used in governmental funds, revenues and expenditures are not recognized for transactions that do not represent available financial resources. In the statement of net position and statement of activities, however, revenues, assets, expenses, and liabilities are reported regardless of when financial resources are available. Deferred revenue 310,602

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. City's contributions subsequent to the measurement date 1,138,161 Differences between projected and actual earnings on pension plan investments and adjustments due to differences in proportions (1,878,609)

Only current liabilities are reported in the governmental funds balance sheet. In the statement of net position, all liabilities, including long-term liabilities are reported. Long-term liabilities relating to governmental activities consist of: Long-term liabilities - Capital leases (444,947) Compensated absences (507,567) Net pension liability (9,064,569)

Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds. (4,613)

Net position of governmental activities \$ 109,757,658

See Notes to Basic Financial Statements

CITY OF CALIFORNIA CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General	Special Revenue Funds		
		Street Maintenance	Subdivision Deferred Improvement	Special Tax
REVENUES				
Taxes	\$ 1,994,617	\$ -	\$ -	\$ 381,196
Licenses and permits	118,987			
Intergovernmental	1,113,865	1,553,569		
Charges for services	99,590			
Fines and forfeitures	31,720			
Use of money and property	57,237	1,815	377,284	102
Miscellaneous	736,441			
Total revenues	<u>4,152,457</u>	<u>1,555,384</u>	<u>377,284</u>	<u>381,298</u>
EXPENDITURES				
Current:				
General government	2,070,912			
Public safety				
Parks and recreation	560,816			
Public works	274,996	791,245	6,198	
Community development				
Capital outlay	247,095	1,141,813		
Debt service:				
Principal retirement				
Interest and other charges				
Total expenditures	<u>3,153,819</u>	<u>1,933,058</u>	<u>6,198</u>	
Excess of revenues over (under) expenditures	<u>998,638</u>	<u>(377,674)</u>	<u>371,086</u>	<u>381,298</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	226,766	134,294		
Transfers out		(30,000)		(449,971)
Proceeds from capital lease				
Total other financing sources (uses)	<u>226,766</u>	<u>104,294</u>		<u>(449,971)</u>
Net changes in fund balances	<u>1,225,404</u>	<u>(273,380)</u>	<u>371,086</u>	<u>(68,673)</u>
Fund balances- July 1, 2014	3,802,862	2,180,590	83,934,824	225,331
Prior period adjustments	4,000,000	(44,871)	(90,798)	
Fund balances- July 1, 2014, restated	<u>7,802,862</u>	<u>2,135,719</u>	<u>83,844,026</u>	<u>225,331</u>
Fund balances - June 30, 2015	<u>\$ 9,028,266</u>	<u>\$ 1,862,339</u>	<u>\$ 84,215,112</u>	<u>\$ 156,658</u>

See Notes to Basic Financial Statements

<u>Special Revenue Funds</u>		
<u>Public Safety Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,349,467	\$ 216,653	\$ 8,941,933
15,433	168,682	303,102
	785,234	3,452,668
11,170	9,036	119,796
23,649		55,369
1,427	303	438,168
352,739	5,609	1,094,789
<u>6,753,885</u>	<u>1,185,517</u>	<u>14,405,825</u>
		2,070,912
6,468,458	854,118	7,322,576
	6,782	567,598
		1,072,439
	15,457	15,457
652,124	66,212	2,107,244
176,117	44,778	220,895
11,012	4,954	15,966
<u>7,307,711</u>	<u>992,301</u>	<u>13,393,087</u>
<u>(553,826)</u>	<u>193,216</u>	<u>1,012,738</u>
246,595		607,655
		(479,971)
375,317		375,317
<u>621,912</u>		<u>503,001</u>
<u>68,086</u>	<u>193,216</u>	<u>1,515,739</u>
1,439,899	986,012	92,569,518
		3,864,331
<u>1,439,899</u>	<u>986,012</u>	<u>96,433,849</u>
<u>\$ 1,507,985</u>	<u>\$ 1,179,228</u>	<u>\$ 97,949,588</u>

CITY OF CALIFORNIA CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Net change in fund balances - total governmental funds	\$ 1,515,739
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	2,107,244
Depreciation expense	(1,192,603)

Certain grant revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	310,602
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Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(375,317)
Capital lease	

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement on net position.	
Capital leases	220,895

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	5,397
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Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in a governmental fund. The net change is:	
Compensated absence	141,714

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:	351,822
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Change in net position of governmental activities	<u>\$ 3,085,493</u>
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See Notes to Basic Financial Statements

CITY OF CALIFORNIA CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Airport	Other Enterprise Funds	Total
ASSETS					
Current assets:					
Cash and investments	\$ 264,984	\$ 59,520	\$ 150	\$ 1,256,631	\$ 1,581,285
Receivables:					
Interest	212			705	917
Accounts	624,380		13,072		637,452
Other governments	19,058		127	437,677	456,862
Prepaid costs	26,209	11,865	2,707	4,478	45,259
Due from other funds	170,785				170,785
Total current assets	1,105,628	71,385	16,056	1,699,491	2,892,560
Noncurrent assets:					
Land held for resale			76,250		76,250
Capital assets not being depreciated	264,985	20,586	233,217		518,788
Capital assets - net of accumulated depreciation	5,986,484	3,288,367	3,974,644	101,277	13,350,772
Total noncurrent assets	6,251,469	3,308,953	4,284,111	101,277	13,945,810
Total assets	7,357,097	3,380,338	4,300,167	1,800,768	16,838,370
DEFERRED OUTFLOWS OF RESOURCES					
Pension	115,977	44,733	18,718	19,908	199,336
Total deferred outflows of resources	115,977	44,733	18,718	19,908	199,336
Total assets and deferred outflows of resources	7,473,074	3,425,071	4,318,885	1,820,676	17,037,706
LIABILITIES					
Current liabilities:					
Accounts payable	234,847	47,136	34,633	2,576	319,192
Accrued liabilities	51,608	65,266	8,702	6,999	132,575
Accrued interest	63,658	9,505			73,163
Unearned revenues				437,553	437,553
Deposits payable	90,284				90,284
Due to other funds			170,785	240,922	411,707
Accrued compensated absences	25,094	9,685	4,760	2,836	42,375
Bonds, notes, and capital leases	69,197	58,676			127,873
Total current liabilities	534,688	190,268	218,880	690,886	1,634,722
Noncurrent liabilities:					
Accrued compensated absences	37,642	14,528	7,140	4,254	63,564
Bonds, notes, and capital leases	4,771,725	1,521,095			6,292,820
Net pension liability	1,117,178	430,905	180,302	191,772	1,920,157
Total noncurrent liabilities	5,926,545	1,966,528	187,442	196,026	8,276,541
Total liabilities	6,461,233	2,156,796	406,322	886,912	9,911,263
DEFERRED INFLOWS OF RESOURCES					
Pension	247,465	95,449	39,939	42,479	425,332
Total deferred inflows of resources	247,465	95,449	39,939	42,479	425,332
Total liabilities and deferred inflows of resources	6,708,698	2,252,245	446,261	929,391	10,336,595
NET POSITION					
Net investment in capital assets	1,410,547	1,729,182	4,207,861	101,277	7,448,867
Restricted for:					
Water meter installation	216,937				216,937
Water standby	2,596,140				2,596,140
Unrestricted	(3,459,248)	(556,356)	(335,237)	790,008	(3,560,833)
Total net position	\$ 764,376	\$ 1,172,826	\$ 3,872,624	\$ 891,285	\$ 6,701,111

See Notes to Basic Financial Statements

CITY OF CALIFORNIA CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds				Total
	Water	Sewer	Airport	Other Enterprise Funds	
OPERATING REVENUES					
Sales and service charges	\$ 3,748,860	\$ 1,086,381	\$ 184,021	\$ 320,480	\$ 5,339,742
Miscellaneous	31,997	152	6,605		38,754
Total operating revenues	3,780,857	1,086,533	190,626	320,480	5,378,496
OPERATING EXPENSES					
Administration and general	970,779	129,897	308,674	217,020	1,626,370
Source of supply	247,469				247,469
Transmission/collection	874,760				874,760
Treatment	793,956	684,689			1,478,645
Depreciation expense	428,215	488,057	377,376	12,792	1,306,440
Total operating expenses	3,315,179	1,302,643	686,050	229,812	5,533,684
Operating income (loss)	465,678	(216,110)	(495,424)	90,668	(155,188)
NON-OPERATING REVENUES (EXPENSES)					
Taxes		2,145	58,893		61,038
Intergovernmental			338,624	145,237	483,861
Interest revenue	360	21		2,022	2,403
Debt issue costs		(85,253)			(85,253)
Interest expense	(193,375)	(93,154)			(286,529)
Total non-operating revenues (expenses)	(193,015)	(176,241)	397,517	147,259	175,520
Income (loss) before transfers	272,663	(392,351)	(97,907)	237,927	20,332
Transfers					
Transfers in	2,232	84			2,316
Transfers out	(95,000)	(25,000)	(10,000)		(130,000)
Total transfers	(92,768)	(24,916)	(10,000)		(127,684)
Changes in net position	179,895	(417,267)	(107,907)	237,927	(107,352)
Net position - July 1, 2014	2,100,990	2,078,606	8,270,912	870,768	13,321,276
Prior period adjustments	(1,516,509)	(488,513)	(4,290,381)	(217,410)	(6,512,813)
Net position - July 1, 2014, Restated	584,481	1,590,093	3,980,531	653,358	6,808,463
Net position - June 30, 2015	\$ 764,376	\$ 1,172,826	\$ 3,872,624	\$ 891,285	\$ 6,701,111

See Notes to Basic Financial Statements

CITY OF CALIFORNIA CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds				Total
	Water	Sewer	Airport	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 3,604,832	\$ 1,086,533	\$ 177,554	\$ 320,480	\$ 5,189,399
Cash paid to suppliers for goods and services	(1,601,409)	(378,538)	(164,289)	(41,736)	(2,185,972)
Cash paid to employees for services	(1,211,072)	(492,934)	(143,051)	(186,160)	(2,033,217)
Net cash provided (used) by operating activities	792,351	215,061	(129,786)	92,584	970,210
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Cash transfers in	2,232	84			2,316
Cash transfers out	(95,000)	(25,000)	(10,000)		(130,000)
(Loans) repayments to/from other funds	(170,785)	(20,841)	85,024	54,055	(52,547)
Intergovernmental	(1,884)			145,113	143,229
Tax revenue		2,145	58,893		61,038
Net cash provided (used) by non-capital financing activities	(265,437)	(43,612)	133,917	199,168	24,036
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Intergovernmental			338,942		338,942
Acquisition and construction of capital assets	(168,892)	(20,688)	(343,073)		(532,653)
Proceeds from debt issuance		1,579,771			1,579,771
Debt issue costs paid		(85,253)			(85,253)
Principal paid on capital debt	(66,376)	(1,630,000)			(1,696,376)
Interest paid on capital debt	(194,306)	(99,480)			(293,786)
Net cash provided (used) by capital and related financing activities	(429,574)	(255,650)	(4,131)		(689,355)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	148	21		1,316	1,485
Net cash provided (used) by investing activities	148	21		1,316	1,485
Net increase (decrease) in cash and cash equivalents	97,488	(84,180)		293,068	306,376
Cash and cash equivalents, July 1, 2014	167,496	143,700	150	963,563	1,274,909
Cash and cash equivalents, June 30, 2015	<u>\$ 264,984</u>	<u>\$ 59,520</u>	<u>\$ 150</u>	<u>\$ 1,256,631</u>	<u>\$ 1,581,285</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION:					
Cash and investments	<u>\$ 264,984</u>	<u>\$ 59,520</u>	<u>\$ 150</u>	<u>\$ 1,256,631</u>	<u>\$ 1,581,285</u>
Total	<u>\$ 264,984</u>	<u>\$ 59,520</u>	<u>\$ 150</u>	<u>\$ 1,256,631</u>	<u>\$ 1,581,285</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 465,678	\$ (216,110)	\$(495,424)	\$ 90,668	\$ (155,188)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	428,215	488,057	377,376	12,792	1,306,440
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(251,896)		(13,072)		(264,968)
(Increase) decrease in prepaid expense	(26,209)	(11,865)	(2,707)	(4,478)	(45,259)
(Increase) decrease in inventories					
(Increase) decrease in deferred outflow-pension	(19,293)	(7,441)	(3,114)	(3,311)	(33,159)
Increase (decrease) in accounts payable	87,378	18,261	3,972	570	110,181
Increase (decrease) in accrued liabilities	9,158	21,015	3,858	1,883	35,914
Increase (decrease) in deposits payable	75,871				75,871
Increase (decrease) in compensated absences	22,024	(77,405)	(906)	(5,784)	(62,071)
Increase (decrease) in deferred inflow-pension	247,465	95,449	39,939	42,479	425,332
Increase (decrease) in net pension liability	(246,040)	(94,900)	(39,708)	(42,235)	(422,883)
Total adjustments	326,673	431,171	365,638	1,916	1,125,398
Net cash provided (used) by operating activities	<u>\$ 792,351</u>	<u>\$ 215,061</u>	<u>\$(129,786)</u>	<u>\$ 92,584</u>	<u>\$ 970,210</u>

See Notes to Basic Financial Statements

CITY OF CALIFORNIA CITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private-Purpose Trust Funds
ASSETS	
Cash and investments	\$ 768,305
Notes receivable	173,000
Land held for resale	<u>1,987,350</u>
Total assets	<u>2,928,655</u>
DEFERRED OUTFLOWS	
Deferred loss on refunding	<u>254,332</u>
LIABILITIES	
Due to other governments/accounts payable	277,092
Interest payable	138,412
Unearned revenue	966,593
Noncurrent liabilities:	
Long-term debt, due within one year	1,133,835
Long-term debt, due in more than one year	<u>33,335,797</u>
Total liabilities	<u>35,851,729</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>\$ (32,668,742)</u>

See Notes to Basic Financial Statements

CITY OF CALIFORNIA CITY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Private-Purpose Trust Funds
ADDITIONS	
Tax increment	\$ 1,622,718
Use of money and property	<u>48,036</u>
Total additions	<u>1,670,754</u>
DEDUCTIONS	
Community development	294,592
Interest on long-term debt	471,091
Debt issue costs	<u>405,155</u>
Total deductions	<u>1,170,838</u>
Change in net position	499,916
Net position (deficit) - July 1, 2014	<u>(33,168,658)</u>
Net position (deficit) - June 30, 2015	<u><u>\$ (32,668,742)</u></u>

See Notes to Basic Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of California City (City) was incorporated in December 1965, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of California City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City:

Component Units:

California City Community Services District
Industrial Development Authority
California City Financing Authority

Blended Component Units

The California City Community Services District is a subsidiary of the City of California City and a detached area within City boundaries from the County service area. As a subsidiary district, the City Council of the City of California City now serves as the District's governing board of directors. Separate financial statements are not prepared for the district.

The Industrial Development Authority was established for the purpose of issuing debt. Separate financial statements are not prepared for the Authority.

The California City Financing Authority was created for the purpose of assisting in the financing and refinancing of certain redevelopment activities of the Agency and certain public programs and projects of the City and for the purpose of aiding in the financing and refinancing of public capital improvements. Separate financial statements are not prepared for the Authority.

Although these component units are legally separate from the City of California City, they are reported as if they were part of the primary government because the governing boards of these component units are the same as the primary government. Furthermore, the purpose of these component units is to provide a safe and more efficient service for the residents of California City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary fund financial statements only report private-purpose trust funds. Trust funds are to account for the funds of the Successor Agency of the California City Redevelopment Agency. Private-purpose trust funds use the full accrual method of accounting and the economic resources measurement focus.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Street Maintenance Fund accounts for the general upkeep and repair of street pavement and street related capital projects within the City.
- The Subdivision Deferred Improvement Fund accounts for funds dedicated for water and street infrastructure within certain land tracts.
- The Special Tax Fund accounts for the voter approved special tax. The special tax is \$75 per subdivided lot or parcel on each and every assessor's tax number within the corporate limits of the City of California City. These receipts are transferred out to the various uses approved by voters, specifically, police, fire, parks/recreation, streets and water-main repair.
- The Public Safety Services Fund accounts for voter approved special tax (Measure A). The Measure A or Special Tax of \$150 per year, per property parcel would pay for salaries, equipment and other needs for both the Police and Fire departments for the next 6 years starting July 1, 2012.

The City reports the following major proprietary funds:

- The Water Fund accounts for the operations of the City's water utility, a self-supporting activity which is entirely financed through user charges.
- The Sewer Fund accounts for the operations of the City's sewer distribution lines, which are operated in a manner similar to a private enterprise. The costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.
- The Airport Fund accounts for the operations of the City's municipal airport, a self-supporting activity which is financed through user charges.

Additionally, the City reports the following fund types:

- Fiduciary funds financial statements include a statement of net position and statement of changes in net position. The City's fiduciary funds are used to account for assets held by the City as trustee for the Redevelopment Agency Successor Agency. The private purpose trust funds are custodial in nature and use the economic resources measurement of results of operations, and use the full accrual basis of accounting.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprises Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means when due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Kern collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due March 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of January each year and are delinquent on August 31.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Infrastructure assets have a capitalization threshold of \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets and, as permitted under GASB Statement No. 34, the City will not report any infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

4. Capital Assets (Continued)

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Life in Years</u>
Buildings and structures	20-50
Improvements other than buildings	10-100
Machinery and equipment	3-10
Water rights	50
Furniture and fixtures	3-20
Source of supply	20-50
Transmissions	25
Water treatment	10

5. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. The total amount of liability for unused vacation and sick pay benefits are accrued when incurred in the government-wide financial statements. The unused reimbursable leave still outstanding following an employee's resignation or retirement are reflected as a current liability in the General Fund since they are expected to be paid with expendable available financial resources.

For proprietary funds, the liability for compensated absences is segregated between short-term and long-term in the fund from which the liability will be paid.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable when an employee is unable to work because of illness. Upon termination an employee will be paid for one-half of any unused sick leave. The vested portion of these compensated absences is accrued at June 30, 2015.

6. Unearned Revenue

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenue. Under the modified accrual basis of accounting, revenue is recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Thus, governmental funds also defer revenue recognition for revenues not considered available to liquidate liabilities of the current period.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity/Net Position

In the fund financial statements with the implementation of GASB Statement No. 54, governmental funds report fund balance as either non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, or unassigned fund balance. See Note 10 for additional information regarding the governmental fund balances.

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a Council's resolution or ordinance.

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or committed, assigned, or unassigned or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which restricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

8. Fund Equity/Net Position (Continued)

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. In the Government-wide financial statements, proprietary fund financial statements, and private-purpose trust fund financial statements, net position is classified as either net investment in capital assets, restricted, or unrestricted.

- *Net Investment in Capital Assets* describe the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.
- *Restricted* describe the portion of net position, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements, capital projects, and deferred improvement funds restricted to low and moderate income housing purposes.
- *Unrestricted* describes the portion of net position which is not restricted as to use.

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

E. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria are met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Deferred Inflows and Outflows of Revenues

Pursuant to GASB Statement No. 63, the City recognizes deferred outflows and inflows of resources. Deferred outflow and inflow of resources are defined as a consumption or resource of net position by the government that is applicable to a future reporting period. The deferred inflows included long-term note and loans receivable including accrued interest thereon and unavailable revenues. The deferred outflows include deferred losses on bond refundings.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

H. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statements No. 68 and 71 during the fiscal year ended June 30, 2015.

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers as well as the requirements of Statement No. 50, Pension Disclosures. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 7 and Note 13.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 7 and Note 13.

I. Rebutable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years.

J. GANN Spending Limitations

Under Article XIII B of the California Constitution (the GANN Spending Limitation), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the California State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

Note 2: Stewardship, Compliance, and Accountability

A. Budgetary Data

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. The Council conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the Finance Director, City Manager, and the City Council. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year end all operating budget appropriations lapse.

For fiscal year 2014-2015, the Housing Authority and the Park and Recreation Fund had no adopted budget.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts-in- process at fiscal year-end are completed. They do not constitute expenditures or estimated liabilities.

Budgetary Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP).

B. Expenditures over Appropriations

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Major Governmental Fund:			
Subdivision Deferred Improvement Fund	\$ 6,198	\$ -	\$ 6,198
Public Safety Services Fund	7,307,711	6,524,174	783,537
Nonmajor Governmental Fund:			
Aspen Mall Maintenance District Fund	15,457	13,865	1,592
OHV Permit Program Fund	187,628	140,924	46,704
COPS Recovery Fund	47,671	41,666	6,005

C. Deficit Fund Balances

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
OHV Permit Program	\$ 10,073
COPS Recovery	43,736
OHV Grant	306,864

The City expects to eliminate these deficits as future revenues are received.

Note 3: Cash and Investments

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled.

Statement of Net Position:	
Cash and investments	\$ 10,154,175
Restricted cash and investments	84,026,710
Statement of Fiduciary Net Position:	
Cash and investments	<u>768,305</u>
Total	<u>\$ 94,949,190</u>

Certain restricted cash and investments are held in separate cash accounts and with fiscal agents for the redemption of debt and for acquisition and construction of capital assets.

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 6,584
Deposits with financial institutions	2,770,595
Investments	<u>92,172,011</u>
	<u>\$ 94,949,190</u>

GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Note 3: Cash and Investments (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

The investment policy seeks to generate consistent total returns by focusing on preservation of capital and risk management. It seeks to achieve above-benchmark returns consistently throughout market cycles with low volatility relative to its benchmark (5 Yr. Treasury Note). This strategy focuses on active duration management, sector selection, and term structure positioning.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
State of California and Local Agency Obligations	5 years	None	15%
California City and RDA Obligations	None	None	15%
Bankers Acceptance (must be dollar denominated)	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	5 years	None	None
Money Market Funds	N/A	20%	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	None
U.S. Treasury Obligations	None	None	None
U.S. Government Agency Issues (Rated AAA)	None	None	None
Municipal Obligations	None	None	None
Bankers Acceptance (must be dollar denominated) (Rated A)	360 days	None	None
Commercial Paper (Rated A)	270 days	None	None
Certificates of Deposit (Rated A)	360 days	None	None
Money Market Funds (Rated AAA)	N/A	None	None
Investment Agreements (approved by City)	None	None	None

Note 3: Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type	Totals	Remaining Maturity (in Months)			
		12 Months Or Less	13 - 24 Months	25-36 Months	More Than 60 Months
State investment pool	\$ 4,057,007	\$ 4,057,007	\$ -	\$ -	\$ -
Kern County investment pool	4,000,886	4,000,886			
Money market funds	39,018,402	39,018,402			
Certificates of deposit	802,183	802,183			
U.S. government agency issues	44,293,533			18,153,775	26,139,758
	<u>\$ 92,172,011</u>	<u>\$ 47,878,478</u>	<u>\$ -</u>	<u>\$ 18,153,775</u>	<u>\$ 26,139,758</u>

*The City is not in compliance with their investment policy in regards to money market funds not exceeding 20% of their investment portfolio.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Note 3: Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA+	A	Not Rated
State investment pool	\$ 4,057,007	N/A	\$ -	\$ -	\$ -	\$ -	\$ 4,057,007
Kern County investment pool	4,000,886	N/A					4,000,886
Money market funds	39,018,402	N/A		39,018,402			
Certificates of deposit	802,183	N/A					802,183
U.S. government agency issues	44,293,533	N/A			44,293,533		
Total	\$ 92,172,011		\$ -	\$ 39,018,402	\$ 44,293,533	\$ -	\$ 8,860,076

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are four investments that represent more than 5% of total City investments (other than U.S. Government securities, external investment pools, and money market funds) Federal National Mortgage - \$15,671,780 (interest rates of .875% to 4.6% and maturity dates of 5/21/18 to 9/18/18), Federal Home Loan Mortgage Corporation - \$5,418,357 (interest rate of 3.75% and maturity date of 3/27/19), Federal Farm Credit Bank - \$4,237,332 (interest rates of 1.34% to 5.05% and maturity dates of 12/29/17 to 10/30/18), and the Federal Home Loan Bank - \$18,966,064 (interest rates of 1.25% to 3.75% and maturity dates of 6/8/18 to 3/8/19). These amounts are recorded in the governmental activities statement of net position and the balance sheet of the Subdivision Deferred Improvement Fund - a major governmental fund.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2015, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in non-collateralized accounts.

Note 3: Cash and Investments (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 4: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at June 30, 2014	Increases	Decreases	Transfers	Balance at June 30, 2015
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 1,877,518	\$ -	\$ -	\$ -	\$ 1,877,518
Total	<u>1,877,518</u>				<u>1,877,518</u>
Depreciable capital assets:					
Buildings and structures	6,235,971	281,743			6,517,714
Improvements other than buildings	18,642,573	1,039,008			19,681,581
Equipment and vehicles	5,598,636	786,493		(33,214)	6,351,915
Furniture and fixtures	91,443			(1,695)	89,748
Total	<u>30,568,623</u>	<u>2,107,244</u>		<u>(34,909)</u>	<u>32,640,958</u>
Less accumulated depreciation for:					
Buildings and structures	(2,240,547)	(167,273)			(2,407,820)
Improvements other than buildings	(3,983,895)	(728,271)			(4,712,166)
Equipment and vehicles	(4,791,502)	(296,438)		33,214	(5,054,726)
Furniture and fixtures	(85,226)	(621)		1,695	(84,152)
Total	<u>(11,101,170)</u>	<u>(1,192,603)</u>		<u>34,909</u>	<u>(12,258,864)</u>
Total capital assets, being depreciated, net	<u>19,467,453</u>	<u>914,641</u>			<u>20,382,094</u>
Governmental activities capital assets, net	<u>\$ 21,344,971</u>	<u>\$ 914,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,259,612</u>

Note 4: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:

General government	\$ 185,290
Public safety	192,286
Parks and recreation	126,388
Public works	686,133
Community development	<u>2,506</u>

Total Depreciation Expense - Governmental Activities \$ 1,192,603

	Balance at June 30, 2014	Increases	Decreases	Transfers	Balance at June 30, 2015
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 518,788	\$ -	\$ -	\$ -	\$ 518,788
Total	<u>518,788</u>				<u>518,788</u>
Depreciable capital assets:					
Buildings and structures	1,299,039			(18,820)	1,280,219
Improvements other than buildings	26,326,065	525,112		20,685	26,871,862
Equipment and vehicles	3,405,839	7,541	(165,317)		3,248,063
Furniture and fixtures	44,731		(4,024)	(20,685)	20,022
Water rights	239,472				239,472
Source of supply	2,541,837			18,820	2,560,657
Transmission	9,808,624				9,808,624
Water treatment	18,309				18,309
Total	<u>43,683,916</u>	<u>532,653</u>	<u>(169,341)</u>		<u>44,047,228</u>
Less accumulated depreciation for:					
Buildings and structures	(1,097,840)	(32,264)			(1,130,104)
Improvements other than buildings	(13,878,279)	(1,011,048)			(14,889,327)
Equipment and vehicles	(2,853,188)	(169,455)	165,317		(2,857,326)
Furniture and fixtures	(21,050)	(226)	4,024		(17,252)
Water rights	(234,680)	(4,789)			(239,469)
Source of supply	(1,902,015)	(46,015)			(1,948,030)
Transmission	(9,555,661)	(40,978)			(9,596,639)
Water treatment	(16,644)	(1,665)			(18,309)
Total	<u>(29,559,357)</u>	<u>(1,306,440)</u>	<u>169,341</u>		<u>(30,696,456)</u>
Total capital assets, being depreciated, net	<u>14,124,559</u>	<u>(773,787)</u>			<u>13,350,772</u>
Business-Type activities capital assets, net	<u>\$ 14,643,347</u>	<u>\$ (773,787)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,869,560</u>

Note 4: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the government as follows:

Business-type Activities	
Water	\$ 428,215
Sewer	488,057
Airport	377,376
Kern COG transportation	11,832
Water reserve	960
	<u>960</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,306,440</u>

Note 5: Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

A. Due to/Due from Other Funds

	Receivable	Payable
Major Governmental Funds:		
General	\$ 645,897	\$ -
Major Enterprise Fund		
Water	170,785	
Airport		170,785
Nonmajor Governmental Funds:		
OHV Permit Program		922
COPs Recovery		41,024
OHV Grant		363,029
Nonmajor Enterprise Fund:		
Kern COG Transportation		240,922
	<u> </u>	<u>240,922</u>
Totals	<u>\$ 816,682</u>	<u>\$ 816,682</u>

Due to the General Fund from the Kern COG Enterprise Fund and other governmental funds were to cover negative cash balances at June 30, 2015. Due to the Water Enterprise Fund from the Airport Enterprise fund was to cover a negative cash balance at June 30, 2015.

Note 5: Interfund Receivables, Payables, and Transfers (Continued)

B. Receivable from RDA Successor Agency Trust

	<u>Receivable</u>	<u>Payable</u>
Major Governmental Fund:		
Subdivision Deferred Improvement	\$ 20,684,224	\$ -
Nonmajor Governmental Fund:		
Housing Authority	985,000	
Private Purpose Trust Fund		<u>21,669,224</u>
Totals	<u>\$ 21,669,224</u>	<u>\$ 21,669,224</u>

During the current and previous fiscal years, the City of California City has made loans to the Agency. These loans bear interest at rates of up to 7.3% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available. However, such demands are not anticipated within the next fiscal year. As of February 1, 2012, the Redevelopment Agency ceased operations as a component unit of the City and all assets and liabilities were transferred to a Private-Purpose Trust Fund except for Housing assets. The interest rate and repayment schedule will be adjusted after review of the California Department of Finance under AB1484. The \$985,000 was considered a loan from the Housing Fund to the former Redevelopment Agency to assist in the payment of its SERAF obligation in a prior year.

C. Transfers

	<u>Transfers in</u>	<u>Transfers out</u>
Major Governmental Funds:		
General	\$ 226,766	\$ -
Street Maintenance	134,294	30,000
Special Tax		449,971
Public Safety Services	246,595	
Major Enterprise Funds:		
Water	2,232	95,000
Sewer	84	25,000
Airport		<u>10,000</u>
Totals	<u>\$ 609,971</u>	<u>\$ 609,971</u>

Note 5: Interfund Receivables, Payables, and Transfers (Continued)

C. Transfers (Continued)

During the fiscal year, the Special Tax Fund received revenues from Measure B, Measure C, and Measure L special tax. The revenue was transferred as followed: \$66,766 to the General Fund; \$246,595 to the Public Safety Services Fund; \$134,294 to the Street Maintenance Fund; \$2,232 to the Water Fund; and \$84 to the Sewer Fund.

The Street Maintenance Fund, Water Fund, Sewer Fund, and Airport Fund transferred out \$30,000, \$55,000, \$25,000, and \$10,000 respectively, to the General Fund for the central garage operations.

The Water Fund transferred out \$40,000 to the General Fund for administration.

Note 6: Long-Term Obligations

A. Governmental Activities Long-Term Debt

The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Repayments	Prior Period Adjustments	Balance June 30, 2015	Due Within One Year
Governmental Activities						
Capital Leases - Vehicles	\$ 290,525	\$ 375,317	\$ (220,895)	\$ -	\$ 444,947	\$ 110,345
PERS Side Fund	3,397,316			(3,397,316)		
Net Pension Liability			(1,838,215)	10,902,784	9,064,569	
Accrued employee benefits	649,281	117,998	(259,712)		507,567	203,027
Total	\$ 4,337,122	\$ 493,315	\$ (2,318,822)	\$ 7,505,468	\$ 10,017,083	\$ 313,372

A description of individual components of long-term debt outstanding and the related debt service requirements to maturity at June 30, 2015, are as follows:

Capital Leases

The City has entered into various leases for vehicles which are classified as capital leases. One fire truck, 4 pick-up trucks, one general purpose vehicle, and two police cars. Interest rates range from 3.09%-6.2% and maturity dates range from August, 2015 to April 2022. The original value of the vehicles was \$699,236. Minimum annual payments, including interest, amount to \$125,651. The outstanding lease obligations as of June 30, 2015 are \$444,947.

Minimum annual lease requests are as follows:

Fiscal Year Ending June 30,	Vehicles	
	Principal	Interest
2016	\$ 110,345	\$ 15,306
2017	58,490	10,552
2018	51,913	8,532
2019	53,518	6,927
2020	55,171	5,274
2021-2022	115,510	5,381
Totals	\$ 444,947	\$ 51,972

Note 6: Long-Term Obligations (Continued)

B. Business-Type Activities Long-Term Debt

	Balance July 1, 2014	Additions	Repayments	Prior Period Adjustments	Balance June 30, 2015	Due Within One Year
Business-Type Activities:						
2003 revenue bonds	\$ 1,630,000	\$ -	\$(1,630,000)	\$ -	\$ -	\$ -
2015 sewer note		1,579,771			1,579,771	58,676
USDA Loan	4,605,259		(66,376)		4,538,883	69,197
Contracts payable	302,039				302,039	
Net pension liability			(422,882)	2,343,039	1,920,157	
Accrued employee benefits	168,010	5,133	(67,204)		105,939	42,375
Total	\$ 6,705,308	\$ 1,584,904	\$(2,186,462)	\$ 2,343,039	\$ 8,446,789	\$ 170,248

2015 Sewer Note

On April 1, 2015, the City entered into a loan agreement with TPB Investments, Inc., a wholly owned subsidiary of Western Alliance Bank for \$1,579,771, bearing interest of 3.16% and payable semi-annually on November 1 and May 1, maturing on November 1, 2033. The loan proceeds were used to advance refund the 2003 lease revenue bonds, which had been used for to reimburse the City for costs incurred in connection with the expansion of the City's wastewater treatment plant and related facilities. The outstanding principal balance of the 2015 sewer note at June 30, 2015 was \$1,579,771.

\$1,504,769 from the 2015 sewer note reserve funds was placed in an irrevocable trust that was used to pay off the 2003 lease revenue bonds. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$222,975. The aggregate difference in debt service between the 2003 lease revenue bonds and the 2015 sewer note was \$500,424.

Following is the debt service to maturity:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 58,676	\$ 56,046	\$ 114,722
2017	58,178	53,932	112,110
2018	62,554	51,747	114,301
2019	61,808	49,495	111,303
2020	65,930	47,181	113,111
2021-2025	361,723	198,482	560,205
2026-2030	458,675	124,411	583,086
2031-2034	452,227	33,801	486,028
	<u>\$ 1,579,771</u>	<u>\$ 615,095</u>	<u>\$ 2,194,866</u>

Note 6: Long-Term Obligations (Continued)

B. Business-Type Activities Long-Term Debt (Continued)

USDA Loan

During fiscal year 2007-08, the City drew down on a \$5,000,000 loan approved by the United States Department of Agriculture to improve the City's water distribution system. The loan bears interest at 4.25% per annum and principal is due in annual installment on September 1 of each fiscal year until 2046. As of June 30, 2015, the outstanding balance of the loan was \$4,538,883. Following is the debt service to maturity:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 69,197	\$ 191,424	\$ 260,621
2017	72,138	188,422	260,560
2018	75,204	185,290	260,494
2019	78,400	182,026	260,426
2020	81,732	178,623	260,355
2021-2025	463,814	836,790	1,300,604
2026-2030	571,117	727,205	1,298,322
2031-2035	703,242	592,273	1,295,515
2036-2040	865,934	426,125	1,292,059
2041-2045	1,066,267	221,535	1,287,802
2046-2047	491,838	16,173	508,011
	<u>\$ 4,538,883</u>	<u>\$ 3,745,886</u>	<u>\$ 8,284,769</u>

Note 6: Long-Term Obligations (Continued)

B. Business-Type Activities Long-Term Debt (Continued)

Contract Payable – Boron Valley Water

On July 1, 1974, the City received from California City Community Services District (the District) all rights, title and interest in any and all district assets whether real or personal, except for certain unimproved park sites and bond obligations. In connection with the above transfer of assets, the City has continued payments related to the obligation entered into by the District with Boron Valley Water Development Company on March 21, 1960. Following is a condensed analysis of the agreement with the District:

The District entered into an agreement on March 21, 1960, to purchase from the Boron Valley Water Development Company the water rights and water system owned by the Company. The purchase price is not to exceed \$1,350,000 and is to be paid for by a two and one-half cents (\$.025) per one hundred (100) cubic feet charge for all water produced from any well in Area A as measured at the well site. This charge is to start 10 years from the date of closing and run for 50 years. The Company waives any interest on the purchase price and in lieu thereof the District agrees to pay from date of closing, but not to exceed 60 years there from, \$.025 per 100 cubic feet for all water produced from any well in Area A sold by the District outside the boundaries of the District. Such amount shall not be credited against the \$1,350,000 maximum payment.

In an amendment to the March 21, 1960, agreement with Boron Valley Water Development Company, dated July 1, 1967, Section 6 was amended to provide that two and one-half cents per 100 cubic feet of water produced from any well in Area A was not to apply to production for water used by the City for municipal purposes such as recreational facilities, parks, landscaping on public parkways, etc.

Payments have been made annually each July 15. As of June 30, 2015, \$302,039 was due on the note. The estimated portion on the Contract due within one year is currently unknown, as the City is currently researching the correct amount of the liability.

Accrued Employee Benefits

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. For business-type activities, the liability will be paid in future years from the Proprietary Funds.

Note 7: Employees Retirement Plan (Defined Benefit Pension Plan)

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

Plan Descriptions - All qualified employees are eligible to participate in the City's pooled Safety (police and fire) Plan, a cost-sharing multiple-employer defined benefit pension plan and the City's Miscellaneous (all other) Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

City Miscellaneous Plan			
	Tier I	Tier II	Tier III
	Prior to December 18, 2012	On or after December 18, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 60	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Required employee contribution rates	7.761%	6.880%	6.308%
Required employer contribution rates	24.095%	8.486%	6.250%

City Safety Plan			
	Tier I	Tier II - Police Only	Tier III
	Police-Prior to June 12, 2007 Fire-Prior to January 1, 2013	Police-On or after June 12, 2007	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Required employee contribution rates	8.986%	11.715%	8.922%
Required employer contribution rates	46.644%	11.500%	20.742%

Note 7: Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

A. General Information about the Pension Plan (Continued)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability of the Miscellaneous and Safety Plan was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Miscellaneous and Safety Plans as of June 30, 2013 and June 30, 2014 was as follows:

	Miscellaneous Plan	Public Safety Plan
Proportion - June 30, 2013	0.21055%	0.13266%
Proportion - June 30, 2014	0.22877%	0.14212%
Change - Increase (Decrease)	0.01821%	0.00946%

A summary of principal assumptions and methods used to determine the net pension liabilities is shown below.

Actuarial Assumptions - The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies (1)	Varies (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	

(1) Depending on age, service, and type of employment.

(2) Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Note 7: Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

B. Net Pension Liability (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Year 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Note 7: Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

C. Changes in the Net Pension Liability

As of June 30, 2015, the City reported net pension liabilities for its proportionate share of the net pension liability of the Miscellaneous and Public Safety Plans as follows:

Proportionate Share of Net Pension Liability	
<u>Miscellaneous Plan</u>	<u>Public Safety Plan</u>
<u>\$ 5,653,973</u>	<u>\$ 5,330,753</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for each Plan, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Public Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 8,804,546	\$ 8,045,208
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 5,653,973	\$ 5,330,753
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 3,039,295	\$ 3,094,155

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 7: Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$952,001 (\$487,799 for the Miscellaneous Plan and \$464,202 for the Safety Plan). At June 30, 2015, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 578,226	\$ -
Net differences between projected and actual earnings on plan investments		(1,242,904)
Adjustments due to differences in proportions	8,728	(9,504)
Total	<u>\$ 586,954</u>	<u>\$ (1,252,408)</u>

Public Safety Plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 756,307	\$ -
Net differences between projected and actual earnings on plan investments		(1,029,082)
Adjustments due to differences in proportions	37,668	(65,883)
Total	<u>\$ 793,975</u>	<u>\$ (1,094,965)</u>

\$1,334,533 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred inflows (outflows) of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2016	\$ (578,350)
2017	(578,350)
2018	(576,285)
2019	(567,992)

Note 8: Retirement Plan

Public Agency Retirement Services (PARS)

In November 2005, the city entered into a defined contribution plan with the Public Agency Retirement System (PARS) for all of its part-time employees. The plan was established by City Resolution and may be amended by the City Council. The plan is administered by PARS under its 457 Alternate Retirement System.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan. The City contributes 0%, and the employees contribute 7.5% of their salaries. The contributions and any interest earned immediately vest in full.

For the fiscal year ended June 30, 2015, the City's covered payroll was \$383,470 for the 60 employees participating in the plan. The employees contributed \$18,417 during the fiscal year. Assets of the plan totaled \$90,821 at June 30, 2015.

Note 9: Summary Disclosure of Self-Insurance Contingencies

The City is self-insured for the first \$100,000 on each general liability claim. The insurance coverage in excess of the self-insured amount is provided by the Public Agency Risk Sharing Authority of California (PARSAC) up to a limit of \$35,000,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City funds all claims payable, including those incurred but not reported, in the yearly deposit it pays to PARSAC, except for its self-insured retention.

Effective January 20, 1998, the City became a member of the PARSAC, a public entity risk pool currently operating as a common risk management and insurance program for 37 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the PARSAC provides that the pool will be self-sustaining through member premiums. The City continues to carry commercial insurance for all other risks of loss, including workers' compensation insurance, property insurance with a \$5,000 deductible and employee dishonesty insurance with a \$25,000 deductible.

The PARSAC publishes its own financial report for the fiscal year ended June 30, 2015, which can be obtained from Public Agency Risk Sharing Authority of California, Sacramento, California. There have been no significant changes in insurance coverage from the prior fiscal year. During the past three fiscal years, the amount of settlements has not exceeded the amount of insurance coverage.

Note 10: Contingencies

The City is involved in various lawsuits including litigation with the California Department of Finance (DOF) in regards to the loan between the former redevelopment agency and the Subdivision Deferred Improvement fund (SDI). See additional information in Note 5 and Note 12. If the DOF prevails, the possible amount of loss could be the entire loan amount including principal and interest. Although the outcome of the various lawsuits is not presently determinable, it is the opinion of management and legal counsel, that the resolution of these matters will not have a material adverse effect on the City's financial statements except possibly the litigation with DOF.

The City has received various state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Note 10: Contingencies (Continued)

The City is involved in pending lawsuits of a nature common to many similar jurisdictions. City management estimates the potential claims against the City, not covered by insurance, will be immaterial to the financial statements.

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by voters. Therefore, the City's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue from taxes, assessments, and fees.

Note 11: Net Position/Fund Balances

At June 30, 2015, the City had recorded restricted net position in the governmental activities and business-type activities as follows:

	Governmental Activities	Business-type Activities
Restricted for:		
Community development	\$ 156,658	\$ -
Subdivision improvement	84,215,112	
Maintenance	97,488	
Public works	1,929,309	
Parks and recreation	12,964	
Public safety	1,736,916	
Housing	1,200,518	
Water meter installation		216,937
Water standby		2,596,140
Total Restricted	<u>\$ 89,348,965</u>	<u>\$ 2,813,077</u>

CITY OF CALIFORNIA CITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Note 11: Net Position/Fund Balances (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2015 are as follows:

Fund Balances	General Fund	Street Maintenance	Subdivision Deferred Improvement	Special Tax	Public Safety Services	Other Governmental Funds	Totals
Nonspendable:							
Land held for resale	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000,000
Prepaid costs	398,813	9,658			111,903	3,369	523,743
Total Nonspendable	4,398,813	9,658			111,903	3,369	4,523,743
Restricted for:							
Housing						1,200,518	1,200,518
Parks and Recreation						12,964	12,964
Public Safety					1,396,082	225,562	1,621,644
Streets and Roads		1,852,681					1,852,681
Subdivision Improvement			84,215,112				84,215,112
Maintenance						97,488	97,488
Community Development				156,658			156,658
Total Restricted		1,852,681	84,215,112	156,658	1,396,082	1,536,532	89,157,065
Assigned for:							
PARSAC Insurance	100,000						100,000
Total Assigned	100,000						100,000
Unassigned	4,529,453					(360,673)	4,168,780
Total Fund Balances	\$ 9,028,266	\$ 1,862,339	\$ 84,215,112	\$ 156,658	\$ 1,507,985	\$ 1,179,228	\$ 97,949,588

Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency

A. Description

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of California City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the "successor agency" to hold the assets units they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of a City ordinance.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

A. Description (Continued)

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the Redevelopment Agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

B. Long-Term Obligations

- a. The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Repayments	Balance June 30, 2015	Due Within One Year
City Loans - Principal	\$ 10,862,142	\$ -	\$ -	\$ 10,862,142	\$ -
City Loans - Unpaid Interest	10,807,082			10,807,082	
Developer Loans - Hyundai	574,462		(181,331)	393,131	191,305
Van Pray Note	2,465,292		(278,549)	2,186,743	282,198
TARB - 2014		9,735,000		9,735,000	635,000
TARB - 2014 Premium		506,644	(21,110)	485,534	25,332
TAB - 2000 Senior Series A	8,650,000		(8,650,000)		
TAB - 2000 Subordinate Series A	660,000		(660,000)		
TAB - 2000 Series B	2,390,000		(2,390,000)		
Original Issuance Discount	(96,951)		96,951		
Total	\$ 36,312,027	\$ 10,241,644	\$ (12,084,039)	\$ 34,469,632	\$ 1,133,835

Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

B. Long-Term Obligations (Continued)

- b. A description of long-term debt outstanding (excluding defeased debt) of the Agency as of June 30, 2015, follows:

Advances from City

The Housing Authority of the City of California City advanced funds to the Redevelopment Agency in the amount of \$985,000 to assist in the payment of its SERAF payment.

The City advanced the Agency funds for operations and has paid for costs at various times since the establishment of the Redevelopment Agency. Costs paid on behalf of the Agency do not have a stated interest rate. The loans made to the Agency bear interest at various rates as specified below:

SDI Fund – Land Loan

Authorized amount \$4,500,000; interest at 6.6% per annum.

SDI Fund – Treatment Plant Note

Authorized amount \$5,902,000; interest at 7.3% per annum. Principal and interest are to be repaid in 20 installments commencing July 1, 2003.

At June 30, 2015, principal balance outstanding was \$10,862,142 and accrued unpaid interest was \$10,807,082.

Developer Loans

In a memorandum of agreement dated June 2002, the Agency and Hyundai America Technical Center agreed that the Agency would install water and provide adequate paved access from the south side of California City to the property boundary at the City's and Agency's sole expense. In addition, they agreed that if the Agency decided to include the Hyundai Project in the amended Redevelopment Project Area, then the City and the Agency would reimburse Hyundai 49% of the cost to defend any litigation files challenging the Redevelopment Project Area. Hyundai has paid for all of the costs mentioned above. As of June 30, 2015, the outstanding balance was \$393,131.

Van Pray Note

In November 2007, the Agency entered into a purchase agreement with Pray Living Trust U.D.T. for the purchase of improved real property. Consideration for the property is an unsecured note payable for \$4,000,000. Monthly payments of \$26,181 include both principal and interest at a rate of 5% for the first year. Thereafter, a variable rate of interest will be paid semi-annually effective January 1 and July 1. The variable rate is the Annual Libor rate, plus 0.75% for the last day of May and November, respectively. As of June 30, 2015, the outstanding balance was \$2,186,743.

Note 12: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

B. Long-Term Obligations (Continued)

Bonds

On August 6, 2014, the Agency issued \$9,735,000 Successor Agency to the City of California City Redevelopment Agency California City Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2014. Interest on the bonds is payable semi-annually on September 1 and March 1, maturing on September 1, 2034 and have various interest rates of 3.00% to 5.00%. The bond proceeds were used to advance refund the 2000 Series A, Subordinated 2000 Series A, and Tax Allocation Refunding Bonds 2000 Series B. The outstanding principal balance of the 2014 Refunding Bonds at June 30, 2015 was \$9,735,000.

\$12,189,847 from the 2014 Refunding Bonds, including \$506,644 of original issue premium and \$2,363,140 of funds from the 2000 Bonds, was placed in an irrevocable trust that was used to pay off the 2000 Series A, Subordinated 2000 Series A, and Tax Allocation Refunding Bonds 2000 Series B.

- c. The following schedule illustrates the debt service requirements to maturity for long-term debt outstanding as of June 30, 2015:

Fiscal Years Ending June 30,	Hyundai DDA		Van Pray Note	
	Principal	Interest	Principal	Interest
2016	\$ 191,305	\$ 21,622	\$ 282,198	\$ 36,986
2017	201,826	11,100	286,043	32,015
2018			289,941	26,952
2019			293,890	21,798
2020			297,895	16,550
2021-2023			736,776	17,788
Totals	<u>\$ 393,131</u>	<u>\$ 32,722</u>	<u>\$ 2,186,743</u>	<u>\$ 152,089</u>

Fiscal Years Ending June 30,	Tax Allocation Refunding Bonds, Series 2014	
	Principal	Interest
2016	\$ 635,000	\$ 388,187
2017	360,000	373,263
2018	380,000	359,562
2019	395,000	344,263
2020	415,000	325,237
2021-2025	2,410,000	1,288,688
2026-2030	2,850,000	756,900
2031-2035	2,290,000	235,000
Totals	<u>\$ 9,735,000</u>	<u>\$ 4,071,100</u>

Note 13: Prior Period Adjustments

In the Government-Wide Statement of Activities there was a prior period adjustment of (\$2,895,192) for governmental activities due to an understatement of deferred outflows of resources of \$745,945, an understatement of net pension liability (\$10,902,784), an overstatement of pension side fund of \$3,397,316, an understatement of land held for resale of \$4,000,000, an overstatement of accounts receivable (\$44,871), and an understatement of accounts payable (\$90,798) in the prior fiscal year. This was a result of the implementation of GASB Statements No. 68 and No. 71.

In the Government-Wide Statements of Activities and in the Water Enterprise Fund there was a prior period adjustment of (\$1,516,509) due to an overstatement of inventory (\$249,975), an understatement of deferred outflows of resources of \$96,684, and an understatement of net pension liability (\$1,363,218) in the prior fiscal year. This was a result of the implementation of GASB Statements No. 68 and No. 71.

In the Government-Wide Statements of Activities and in the Sewer Enterprise Fund there was a prior period adjustment of (\$488,513) due to an understatement of deferred outflows of resources of \$37,292 and an understatement of net pension liability (\$525,805) in the prior fiscal year. This was a result of the implementation of GASB Statements No. 68 and No. 71.

In the Government-Wide Statements of Activities and in the Airport Enterprise Fund there was a prior period adjustment of (\$4,290,381) due to an overstatement of inventory (\$72,131), an overstatement of land held for resale (\$4,000,000) an overstatement of accounts receivable of (\$13,844), an understatement of deferred outflows of resources of \$15,604, and an understatement of net pension liability (\$220,010) in the prior fiscal year. This was a result of the implementation of GASB Statements No. 68 and No. 71.

In the Government-Wide Statements of Activities and in the Kern COG Transportation Enterprise Fund there was a prior period adjustment of (\$217,410) due to an understatement of deferred outflows of resources of \$16,597, and an understatement of net pension liability (\$234,007) in the prior fiscal year. This was a result of the implementation of GASB Statements No. 68 and No. 71.

A prior period adjustment of \$4,000,000 was made in the General Fund, due to an understatement of land held for resale in the prior fiscal year.

A prior period adjustment of (\$44,871) was made in the Street Maintenance Fund, due to an overstatement of accounts receivable in the prior fiscal year.

A prior period adjustment of (\$90,798) was made in the Subdivision Deferred Improvement Fund, due to an understatement of accounts payable in the prior fiscal year.

Note 14: Related Parties

The City uses a local hardware store to purchase goods and supplies from. This is a City-wide decision to purchase locally. The store is owned and operated by the son of a Councilmember. The City was using this vendor prior to the Councilmember's election to City Council. Total purchases approximated \$104,820 for the fiscal year ended June 30, 2015.

Note 15: Subsequent Events

The City has completed an audit of the Municipal Meters servicing City Facilities. A total of 53 meters of various sizes have been repaired and brought on line and as of November 2015 billing will receive monthly billing for each as prescribed by Proposition 218. The City has also calculated the monthly base rate for each meter by size, by number, and by year for the last three years prior to the implementation of the new water rates. That number is calculated to be \$396,894. The City has increased the amount by \$103,106 to account for the uncalculated consumption for a total of \$500,000. This action will reduce by \$500,000 the Water Fund would need to draw down from the \$2 million dollar Line of Credit.

On January 12, 2016, the City Council approved a contract with Fence Masters for \$155,779.

On March 22, 2016, the City Council approved an offer from McLarens Global Claim Service in the amount of \$500,000 as a claim reimbursement for the fire at the pool house.

On June 28, 2016, the City Council approved a change order in the amount of \$168,678 for the Fire Station construction project.

CITY OF CALIFORNIA CITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Prepared for the City of California City's Miscellaneous Plan, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2015

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	<u>June 30, 2015</u>
Proportion of the net pension liability	0.22877%
Proportionate share of the net pension liability	\$ 5,653,973
Covered employee payroll	\$ 2,476,593
Proportionate Share of the net pension liability as a percentage of covered employee payroll	228.30%
Plan's fiduciary net position	\$ 10,639,461,174
Plan's total pension liability	\$ 13,110,948,452
Plan fiduciary net position as a percentage of total pension liability	81.15%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: None

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF CALIFORNIA CITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Prepared for the City of California City's Miscellaneous Plan, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2015

Schedule of Contributions – Last 10 Years*

	<u>June 30, 2015</u>
Contractual required contribution (actuarially determined)	\$ 578,226
Contributions in relation to the actuarially determined contributions	<u>(578,226)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Covered employee payroll	 3,876,584
 Contributions as a percentage of covered employee payroll	 14.92%

Notes to Schedule

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF CALIFORNIA CITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Prepared for the City of California City's Safety Plan, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2015

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	<u>June 30, 2015</u>
Proportion of the net pension liability	0.14212%
Proportionate share of the net pension liability	\$ 5,330,753
Covered employee payroll	\$ 1,910,066
Proportionate Share of the net pension liability as a percentage of covered employee payroll	279.09%
Plan's fiduciary net position	\$ 13,968,041,341
Plan's total pension liability	\$ 17,719,018,179
Plan fiduciary net position as a percentage of total pension liability	78.83%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: None

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF CALIFORNIA CITY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Prepared for the City of California City's Safety Plan, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2015

Schedule of Contributions – Last 10 Years*

	<u>June 30, 2015</u>
Contractual required contribution (actuarially determined)	\$ 756,307
Contributions in relation to the actuarially determined contributions	<u>(756,307)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Covered employee payroll	 3,104,429
 Contributions as a percentage of covered employee payroll	 24.36%

Notes to Schedule

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 1,839,770	\$ 1,839,770	\$ 1,994,617	\$ 154,847
Licenses and permits	95,090	95,090	118,987	23,897
Intergovernmental	1,185,797	1,185,797	1,113,865	(71,932)
Charges for services	83,055	83,055	99,590	16,535
Fines and forfeitures	23,800	23,800	31,720	7,920
Use of money and property	46,165	46,165	57,237	11,072
Miscellaneous	86,848	86,848	736,441	649,593
Total revenues	3,360,525	3,360,525	4,152,457	791,932
EXPENDITURES				
Current:				
General government	1,776,259	2,052,197	2,070,912	(18,715)
Parks and recreation	934,049	865,955	560,816	305,139
Public works	487,823	490,323	274,996	215,327
Capital outlay	334,000	1,151,126	247,095	904,031
Total expenditures	3,532,131	4,559,601	3,153,819	1,405,782
Excess of revenues over (under) expenditures	(171,606)	(1,199,076)	998,638	2,197,714
OTHER FINANCING SOURCES (USES):				
Transfers in	336,609	336,609	226,766	(109,843)
Total other financing sources (uses)	336,609	336,609	226,766	(109,843)
Net change in fund balance	165,003	(862,467)	1,225,404	2,087,871
Fund balances- July 1, 2014	3,802,862	3,802,862	3,802,862	
Prior period adjustments			4,000,000	4,000,000
Fund balances- July 1, 2014, restated	3,802,862	3,802,862	7,802,862	4,000,000
Fund balances - June 30, 2015	\$ 3,967,865	\$ 2,940,395	\$ 9,028,266	\$ 6,087,871

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,356,079	\$ 2,356,079	\$ 1,553,569	\$ (802,510)
Miscellaneous	200	200		(200)
Use of money and property	175	175	1,815	1,640
Total revenues	2,356,454	2,356,454	1,555,384	(801,070)
EXPENDITURES				
Current:				
Public works	2,775,429	2,775,429	791,245	1,984,184
Capital outlay	1,030,743	1,030,743	1,141,813	(111,070)
Total expenditures	3,806,172	3,806,172	1,933,058	1,873,114
Excess of revenues over (under) expenditures	(1,449,718)	(1,449,718)	(377,674)	1,072,044
OTHER FINANCING SOURCES (USES):				
Transfers in	390,000	390,000	134,294	(255,706)
Transfers out	(30,000)	(30,000)	(30,000)	
Total other financing sources (uses)	360,000	360,000	104,294	(255,706)
Net change in fund balance	(1,089,718)	(1,089,718)	(273,380)	816,338
Fund balances- July 1, 2014	2,180,590	2,180,590	2,180,590	
Prior period adjustments			(44,871)	(44,871)
Fund balances- July 1, 2014, restated	2,180,590	2,180,590	2,135,719	(44,871)
Fund balances - June 30, 2015	\$ 1,090,872	\$ 1,090,872	\$ 1,862,339	\$ 771,467

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SUBDIVISION DEFERRED IMPROVEMENT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 236,900	\$ 236,900	\$ 377,284	\$ 140,384
Total revenues	236,900	236,900	377,284	140,384
EXPENDITURES				
Current:				
Public works			6,198	(6,198)
Total expenditures			6,198	(6,198)
Excess of revenues over (under) expenditures	236,900	236,900	371,086	134,186
OTHER FINANCING SOURCES (USES):				
Transfers out	(290,000)	(290,000)		290,000
Total other financing sources (uses)	(290,000)	(290,000)		290,000
Net change in fund balance	(53,100)	(53,100)	371,086	424,186
Fund balances- July 1, 2014	83,934,824	83,934,824	83,934,824	
Prior period adjustments			(90,798)	(90,798)
Fund balances- July 1, 2014, restated	83,934,824	83,934,824	83,844,026	(90,798)
Fund balances - June 30, 2015	<u>\$ 83,881,724</u>	<u>\$ 83,881,724</u>	<u>\$ 84,215,112</u>	<u>\$ 333,388</u>

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL TAX SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 115,000	\$ 115,000	\$ 381,196	\$ 266,196
Use of money and property			102	102
Total revenues	115,000	115,000	381,298	266,298
OTHER FINANCING SOURCES				
(USES):				
Transfers out			(449,971)	(449,971)
Total other financing sources (uses)			(449,971)	(449,971)
Net change in fund balance	115,000	115,000	(68,673)	(183,673)
Fund balances- July 1, 2014	225,331	225,331	225,331	
Fund balances - June 30, 2015	<u>\$ 340,331</u>	<u>\$ 340,331</u>	<u>\$ 156,658</u>	<u>\$ (183,673)</u>

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY SERVICES SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 5,850,500	\$ 5,850,500	\$ 6,349,467	\$ 498,967
Licenses and permits	19,000	19,000	15,433	(3,567)
Intergovernmental	15,000	15,000		(15,000)
Charges for services	3,000	3,000	11,170	8,170
Fines and forfeitures	35,000	35,000	23,649	(11,351)
Use of money and property			1,427	1,427
Miscellaneous	65,265	318,155	352,739	34,584
Total revenues	5,987,765	6,240,655	6,753,885	513,230
EXPENDITURES				
Current:				
Public safety	5,437,540	6,019,745	6,468,458	(448,713)
Capital outlay	167,942	322,142	652,124	(329,982)
Debt service:				
Principal retirement	166,494	166,494	176,117	(9,623)
Interest and other charges	15,793	15,793	11,012	4,781
Total expenditures	5,787,769	6,524,174	7,307,711	(783,537)
Excess of revenues over (under) expenditures	199,996	(283,519)	(553,826)	(270,307)
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	246,595	146,595
Proceeds from Capital lease			375,317	375,317
Total other financing sources (uses)	100,000	100,000	621,912	521,912
Net change in fund balance	299,996	(183,519)	68,086	251,605
Fund balances- July 1, 2014	1,439,899	1,439,899	1,439,899	
Fund balances - June 30, 2015	\$ 1,739,895	\$ 1,256,380	\$ 1,507,985	\$ 251,605

CITY OF CALIFORNIA CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue Funds				
	Supplemental Law Enforcement	Public Safety Augmentation	Aspen Mall Maintenance District	Housing Authority	OHV Permit Program
ASSETS					
Cash and investments	\$ 74,566	\$ 57,822	\$ 100,989	\$ 215,518	\$ -
Receivables:					
Interest	33	31	54		
Taxes		14,079			
Other governments					
Successor Agency receivable				985,000	
Prepaid costs	2,006	1,363			
Total assets	<u>\$ 76,605</u>	<u>\$ 73,295</u>	<u>\$ 101,043</u>	<u>\$ 1,200,518</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 265	\$ 1,943	\$ 3,555	\$ -	\$ 7,847
Accrued liabilities	13,827				1,304
Due to other funds					922
Total liabilities	<u>14,092</u>	<u>1,943</u>	<u>3,555</u>	<u>-</u>	<u>10,073</u>
Deferred Inflows of Resources:					
Deferred revenues - unavailable grant revenues					
Total deferred inflows of resources					
Fund balances:					
Nonspendable:					
Prepaid costs	2,006	1,363			
Restricted for:					
Housing				1,200,518	
Parks and recreation					
Maintenance district			97,488		
Public safety	60,507	69,989			
Unassigned					(10,073)
Total fund balances (deficits)	<u>62,513</u>	<u>71,352</u>	<u>97,488</u>	<u>1,200,518</u>	<u>(10,073)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,605</u>	<u>\$ 73,295</u>	<u>\$ 101,043</u>	<u>\$ 1,200,518</u>	<u>\$ -</u>

Special Revenue Funds					Total Nonmajor Governmental Funds
Park & Recreation	COPS Recovery	OHV Grant	OHV EMS Grant	Proposition 39 AB109	
\$ 12,957	\$ -	\$ -	\$ 383	\$ 98,274	\$ 560,509
7				53	178
		78,657			14,079
					78,657
					985,000
					3,369
<u>\$ 12,964</u>	<u>\$ -</u>	<u>\$ 78,657</u>	<u>\$ 383</u>	<u>\$ 98,327</u>	<u>\$ 1,641,792</u>
\$ -	\$ -	\$ 6,210	\$ -	\$ 3,240	\$ 23,060
	2,712	6,675	49	355	24,922
	41,024	363,029			404,975
	43,736	375,914	49	3,595	452,957
		9,607			9,607
		9,607			9,607
					3,369
12,964					1,200,518
					12,964
					97,488
			334	94,732	225,562
	(43,736)	(306,864)			(360,673)
12,964	(43,736)	(306,864)	334	94,732	1,179,228
<u>\$ 12,964</u>	<u>\$ -</u>	<u>\$ 78,657</u>	<u>\$ 383</u>	<u>\$ 98,327</u>	<u>\$ 1,641,792</u>

CITY OF CALIFORNIA CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds				
	Supplemental Law Enforcement	Public Safety Augmentation	Aspen Mall Maintenance District	Housing Authority	OHV Permit Program
REVENUES					
Taxes	\$ -	\$ 189,913	\$ 26,740	\$ -	\$ -
Licenses and permits					168,682
Intergovernmental	106,230				
Charges for services					9,036
Use of money and property	57	53	91		
Miscellaneous					
Total revenues	106,287	189,966	26,831		177,718
EXPENDITURES					
Current:					
Public safety	64,051	90,622			145,283
Parks and recreation					
Community development			15,457		
Capital outlay		31,799			21,068
Debt service:					
Principal retirement					18,923
Interest and other charges					2,354
Total expenditures	64,051	122,421	15,457		187,628
Net change in fund balances	42,236	67,545	11,374		(9,910)
Fund balances (deficits) - July 1, 2014	20,277	3,807	86,114	1,200,518	(163)
Fund balances (deficits) - June 30, 2015	\$ 62,513	\$ 71,352	\$ 97,488	\$ 1,200,518	\$ (10,073)

Special Revenue Funds					
Park & Recreation	COPS Recovery	OHV Grant	OHV EMS Grant	Proposition 39 AB109	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,653
					168,682
	31,360	486,486	33,492	127,666	785,234
					9,036
12				90	303
5,609					5,609
5,621	31,360	486,486	33,492	127,756	1,185,517
	47,671	456,822	25,367	24,302	854,118
6,782					6,782
			13,345		15,457
		11,975	13,880		44,778
		1,278	1,322		4,954
6,782	47,671	470,075	53,914	24,302	992,301
(1,161)	(16,311)	16,411	(20,422)	103,454	193,216
14,125	(27,425)	(323,275)	20,756	(8,722)	986,012
\$ 12,964	\$ (43,736)	\$ (306,864)	\$ 334	\$ 94,732	\$ 1,179,228

**CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015**

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 100,000	\$ 106,230	\$ 6,230
Use of money and property		57	57
Total revenues	100,000	106,287	6,287
EXPENDITURES			
Current:			
Public safety	144,000	64,051	79,949
Total expenditures	144,000	64,051	79,949
Net change in fund balance	(44,000)	42,236	86,236
Fund balance - July 1, 2014	20,277	20,277	
Fund balance (deficit) - June 30, 2015	<u>\$ (23,723)</u>	<u>\$ 62,513</u>	<u>\$ 86,236</u>

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY AUGMENTATION SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 170,000	\$ 189,913	\$ 19,913
Use of money and property		53	53
Total revenues	170,000	189,966	19,966
EXPENDITURES			
Current:			
Public safety	135,250	90,622	44,628
Capital outlay	34,750	31,799	2,951
Total expenditures	170,000	122,421	47,579
Net change in fund balance		67,545	67,545
Fund balance - July 1, 2014	3,807	3,807	
Fund balance - June 30, 2015	\$ 3,807	\$ 71,352	\$ 67,545

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ASPEN MALL MAINTENANCE DISTRICT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 13,865	\$ 26,740	\$ 12,875
Use of money and property		91	91
Total revenues	13,865	26,831	12,966
EXPENDITURES			
Current:			
Community development	13,865	15,457	(1,592)
Total expenditures	13,865	15,457	(1,592)
Net change in fund balance		11,374	11,374
Fund balance - July 1, 2014	86,114	86,114	
Fund balance - June 30, 2015	\$ 86,114	\$ 97,488	\$ 11,374

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OHV PERMIT PROGRAM SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	\$ 131,400	\$ 168,682	\$ 37,282
Charges for services	9,524	9,036	(488)
Total revenues	140,924	177,718	36,794
EXPENDITURES			
Current:			
Public safety	98,283	145,283	(47,000)
Capital outlay	28,300	21,068	7,232
Debt service:			
Principal retirement	12,715	18,923	(6,208)
Interest and other charges	1,626	2,354	(728)
Total expenditures	140,924	187,628	(46,704)
Net change in fund balance		(9,910)	(9,910)
Fund balance (deficit) - July 1, 2014	(163)	(163)	
Fund balance (deficit) - June 30, 2015	<u>\$ (163)</u>	<u>\$ (10,073)</u>	<u>\$ (9,910)</u>

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COPS RECOVERY SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 41,666	\$ 31,360	\$ (10,306)
Total revenues	41,666	31,360	(10,306)
EXPENDITURES			
Current:			
Public safety	41,666	47,671	(6,005)
Total expenditures	41,666	47,671	(6,005)
Net change in fund balance		(16,311)	(16,311)
Fund balance (deficit) - July 1, 2014	(27,425)	(27,425)	
Fund balance (deficit) - June 30, 2015	<u>\$ (27,425)</u>	<u>\$ (43,736)</u>	<u>\$ (16,311)</u>

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OHV GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 701,336	\$ 486,486	\$ (214,850)
Total revenues	<u>701,336</u>	<u>486,486</u>	<u>(214,850)</u>
EXPENDITURES			
Current:			
Public safety	726,136	456,822	269,314
Debt service:			
Principal retirement	20,881	11,975	8,906
Interest and other charges	<u>4,149</u>	<u>1,278</u>	<u>2,871</u>
Total expenditures	<u>751,166</u>	<u>470,075</u>	<u>281,091</u>
Net change in fund balance	(49,830)	16,411	66,241
Fund balance (deficit) - July 1, 2014	<u>(323,275)</u>	<u>(323,275)</u>	
Fund balance (deficit) - June 30, 2015	<u>\$ (373,105)</u>	<u>\$ (306,864)</u>	<u>\$ 66,241</u>

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OHV EMS GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 85,303	\$ 33,492	\$ (51,811)
Total revenues	85,303	33,492	(51,811)
EXPENDITURES			
Current:			
Public safety	57,803	25,367	32,436
Capital outlay	13,500	13,345	155
Debt service:			
Principal retirement	14,000	13,880	120
Interest and other charges		1,322	(1,322)
Total expenditures	85,303	53,914	31,389
Net change in fund balance		(20,422)	(20,422)
Fund balance - July 1, 2014	20,756	20,756	
Fund balance - June 30, 2015	\$ 20,756	\$ 334	\$ (20,422)

CITY OF CALIFORNIA CITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION 39 AB109 SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2015

	Budget Final	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 85,000	\$ 127,666	\$ 42,666
Use of money and property		90	90
Total revenues	85,000	127,756	42,756
EXPENDITURES			
Current:			
Public safety	86,948	24,302	62,646
Total expenditures	86,948	24,302	62,646
Net change in fund balance	(1,948)	103,454	105,402
Fund balance (deficit) - July 1, 2014	(8,722)	(8,722)	
Fund balance (deficit) - June 30, 2015	<u>\$ (10,670)</u>	<u>\$ 94,732</u>	<u>\$ 105,402</u>

CITY OF CALIFORNIA CITY
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2015

	Enterprise Funds		
	Kern COG Transportation	Water Reserve	Total
ASSETS			
Current:			
Cash and investments	\$ 120	\$ 1,256,511	\$ 1,256,631
Receivables:			
Interest		705	705
Other governments	437,677		437,677
Prepaid costs	4,478		4,478
Total current assets	442,275	1,257,216	1,699,491
Noncurrent:			
Capital assets - net of accumulated depreciation	57,123	44,154	101,277
Total noncurrent assets	57,123	44,154	101,277
Total assets	499,398	1,301,370	1,800,768
DEFERRED OUTFLOWS OF RESOURCES			
Pension	19,908		19,908
Total deferred outflows of resources	19,908		19,908
Total assets and deferred outflows of resources	519,306	1,301,370	1,820,676
LIABILITIES			
Current liabilities:			
Accounts payable	2,576		2,576
Accrued liabilities	6,999		6,999
Unearned revenues	437,553		437,553
Due to other funds	240,922		240,922
Accrued compensated absences	2,836		2,836
Total current liabilities	690,886		690,886
Noncurrent liabilities:			
Accrued compensated absences	4,254		4,254
Net pension liability	191,772		191,772
Total noncurrent liabilities	196,026		196,026
Total liabilities	886,912		886,912
DEFERRED INFLOWS OF RESOURCES			
Pension	42,479		42,479
Total deferred inflows of resources	42,479		42,479
Total liabilities and deferred inflows of resources	929,391		929,391
NET POSITION			
Net investment in capital assets	57,123	44,154	101,277
Unrestricted	(467,208)	1,257,216	790,008
Total net position (deficit)	\$ (410,085)	\$ 1,301,370	\$ 891,285

CITY OF CALIFORNIA CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds		
	Kern COG		
	Transportation	Water Reserve	Total
OPERATING REVENUES			
Sales and service charges	\$ 28,728	\$ 291,752	\$ 320,480
Total operating revenues	28,728	291,752	320,480
OPERATING EXPENSES			
Administration and general	217,020		217,020
Depreciation expense	11,832	960	12,792
Total operating expenses	228,852	960	229,812
Operating income (loss)	(200,124)	290,792	90,668
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	145,237		145,237
Interest revenue		2,022	2,022
Total non-operating revenues (expenses)	145,237	2,022	147,259
Changes in net position	(54,887)	292,814	237,927
Net position - July 1, 2014	(137,788)	1,008,556	870,768
Prior Period Adjustments	(217,410)		(217,410)
Net position - July 1, 2014, Restated	(355,198)	1,008,556	653,358
Net position (deficit) - June 30, 2015	\$ (410,085)	\$ 1,301,370	\$ 891,285

CITY OF CALIFORNIA CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds		
	Kern COG Transportation	Water Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 28,728	\$ 291,752	\$ 320,480
Cash paid to suppliers for goods and services	(41,736)		(41,736)
Cash paid to employees for services	(186,160)		(186,160)
Net cash provided (used) by operating activities	(199,168)	291,752	92,584
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Repayments from other funds	54,055		54,055
Intergovernmental	145,113		145,113
Net cash provided by non-capital financing activities	199,168		199,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,316	1,316
Net cash provided by investing activities		1,316	1,316
Net increase in cash and cash equivalents		293,068	293,068
Cash and cash equivalents, July 1, 2014	120	963,443	963,563
Cash and cash equivalents, June 30, 2015	\$ 120	\$ 1,256,511	\$ 1,256,631
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (200,124)	\$ 290,792	\$ 90,668
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	11,832	960	12,792
Changes in assets and liabilities:			
(Increase) decrease in prepaid expense	(4,478)		(4,478)
(Increase) decrease in deferred outflow-pension	(3,311)		(3,311)
Increase (decrease) in accounts payable	570		570
Increase (decrease) in accrued liabilities	1,883		1,883
Increase (decrease) in compensated absences	(5,784)		(5,784)
Increase (decrease) in deferred inflow-pension	42,479		42,479
Increase (decrease) in net pension liability	(42,235)		(42,235)
Total adjustments	956	960	1,916
Net cash provided (used) by operating activities	\$ (199,168)	\$ 291,752	\$ 92,584

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

There was no non-cash investing, financing or capital activity during the current fiscal year.

CITY OF CALIFORNIA CITY
COMBINING STATEMENT OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2015

	RDA Capital Projects Successor Agency Fund	RDA Successor Agency Fund	Total
ASSETS			
Cash and investments	\$ 100	\$ 768,205	\$ 768,305
Cash and investments with fiscal agents			
Notes receivable	173,000		173,000
Land held for resale	1,987,350		1,987,350
Total assets	2,160,450	768,205	2,928,655
DEFERRED OUTFLOW			
Deferred loss on refunding		254,332	254,332
LIABILITIES			
Due to other governments/accounts payable		277,092	277,092
Interest payable		138,412	138,412
Unearned revenue		966,593	966,593
Noncurrent liabilities			
Long-term debt, due within one year		1,133,835	1,133,835
Long-term debt, due in more than one year	20,684,224	12,651,573	33,335,797
Total liabilities	20,684,224	15,167,505	35,851,729
NET POSITION (DEFICIT)			
Unrestricted	\$ (18,523,774)	\$ (14,144,968)	\$ (32,668,742)

CITY OF CALIFORNIA CITY
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 For the Fiscal Year Ended June 30, 2015

	RDA Capital Projects Successor Agency Fund	RDA Successor Agency Fund	Total
ADDITIONS			
Tax increment	\$ -	\$ 1,622,718	\$ 1,622,718
Use of money and property		48,036	48,036
Total additions		1,670,754	1,670,754
DEDUCTIONS			
Community development		294,592	294,592
Interest on long-term debt		471,091	471,091
Debt issue costs		405,155	405,155
Total deductions		1,170,838	1,170,838
Change in net position		499,916	499,916
Net position (deficit), July 1, 2014	(18,523,774)	(14,644,884)	(33,168,658)
Net position (deficit), June 30, 2015	<u>\$ (18,523,774)</u>	<u>\$ (14,144,968)</u>	<u>\$ (32,668,742)</u>

CITY OF CALIFORNIA CITY
MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

June 30, 2015

CITY OF CALIFORNIA CITY
June 30, 2015

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Honorable Mayor and Members of City Council
City of California City
California City, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of California City, California (City), as of and for the fiscal year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit we noted certain other matters involving internal controls and their operations, and are submitting, for your consideration, related recommendations designed to help the City make improvements and achieve operational efficiencies. These recommendations are described in the current year recommendations section as Findings 2015-01 through 2015-10. Our comments reflect our desire to be of continuing assistance to the City.

We would be pleased to discuss the recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

We have included in this letter a summary of communication with the City Council as required by professional auditing standards. We would like to thank the City's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

It should be noted that the management report for the fiscal year ended June 30, 2014 was issued in October 2015, which was after the end of the June 30, 2015 fiscal year.

The accompanying communications and recommendations are intended solely for the information and use of management, the City Council, and others within the organization, and is not intended to be and should not be used by anyone other these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
August 16, 2016



MOSS, LEVY & HARTZHEIM LLP

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Honorable Mayor and Members of City Council
City of California City
21000 Hacienda Blvd
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We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of California City for the fiscal year ended June 30, 2015, and have issued our report thereon dated August 16, 2016. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America and, if applicable, *Government Auditing Standards* and *OMB Circular A-133*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 7, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the estimated historical cost and useful lives of certain capital assets, value of land held for resale, the funding progress, deferred inflows and outflows, and the net pension liability of the CalPERS pension plan, and the collectability of receivables. Management's estimates of the estimated historical cost and useful lives of certain capital assets are based on historical data and industry guidelines, while the funding progress, deferred inflows and outflows, and net pension liability of the CalPERS pension plan and are based on CalPERS' estimates. Management's estimates of the net realizable value of land held for resale is determined based on current prices for land in recent comparable sales transactions and other relevant factors. The amount of estimated collectability of receivables is based on historical data. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, we encountered numerous accounts in the general ledger that required adjusting journal entries.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: cash with the County, U.S. Bank investment account, net pension liability and deferred inflows/outflows related to the pension plans, capital assets, capital lease, and prepaid insurance.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 16, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of California City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of California City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the members of the City Council of the City of California City and management of the City of California City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
August 16, 2016

CURRENT YEAR RECOMMENDATIONS

Significant Deficiencies

2015-01 Finding – Adjustments Detected by the Audit Process:

During our fieldwork, we noted that there were material adjustments detected by the audit process (capital lease, investments, unearned revenue, prepaid expenses, and capital assets).

Effect:

Adjustments detected by the audit process indicated that there are weaknesses in the City's internal control structure and closing process, which increases the risk of material misstatement.

Recommendation:

We recommend that efforts be made by the City to enhance closing procedures.

Management's Response:

It should be noted that the audit report for FY14 was issued in October 2015, which was after the end of FY15, therefore there was no opportunity to correct the FY14 finding (2014-01) carried over into this year as 2015-01 before the end of FY15. However, in response to Finding, we prepared an Accounting Policies and Procedures Manual (APPM), which was approved by City Council in January 2016. Within the APPM, there are a definite set of closing procedures which we are implementing in closing FY 15-16.

2015-02 Finding – Capital Asset Impairment:

During our audit fieldwork, we noted that the City has not performed an assessment of impairment on its capital assets.

Effect:

The City may be overstating capital assets and/or assuming liability and paying for liability insurance for impaired assets. Also the carrying amount may be overstated based on value.

Recommendation:

We recommend that the City review capital assets for an assessment of impairment on an annual basis or more often and obtain an evaluation of assets at least once a year.

Management's response:

We will review capital assets once per year to determine if there are any deletions as well as any impairments and adjust them to the lower of carrying or fair value.

2015-03 Finding – Payroll Discrepancies:

During the test of internal controls over payroll, we noted the following:

- a. The employee processing payroll also has the ability to change employees' wage rates.
- b. There is no review of the City Manager's leave request/statement.
- c. One timesheet did not reconcile to the payroll register's hours
- d. Two employees were accruing compensated leave at incorrect accrual rates.

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

Significant Deficiencies (Continued)

Effect:

- a. A misappropriation of funds could occur and go undetected if the payroll person is able to change rates.
- b. Without a review of the City Manager's leave request/statement, compensated leave could be misused, which could result in an incorrect payout amount at termination.
- c. Timesheets that do not reconcile to the payroll register indicate that an employee could have been incorrectly compensated.
- d. Employees who accrue incorrect compensated leave could be over/under compensated at termination.

Recommendation:

- a. The rates should be changed by someone other than the person processing payroll and verified.
- b. The City Manager's leave request/statement should be reviewed by a responsible employee.
- c. Timesheets should reconcile to the payroll registers, and if not, a notation on why they don't.
- d. Employee accrual rates should be reviewed on a regular basis, to ensure compliance with Memorandums of Understanding and other employment agreements.

Management's response:

- a. We will adjust the our accounting software to only allow a responsible member of management (e.g. Finance Director) to make changes to employee rates.
- b. The Mayor will review the City Manager's leave statement to ensure accuracy.
- c. The Finance Director will review the payroll register prior to check being issued and reconcile a sample of timecards to ensure accuracy.
- d. Once it was noted to us that those two employees were accruing at the improper rates, Rudy Hernandez, Finance Director at the time, instructed the payroll clerk to make those changes, which changes were made immediately.

2015-04 Finding – Building Permit Fees:

During our test of receipts and billings, it was noted that one building permit was calculated incorrectly.

Effect:

This permit's fees were not charged correctly in accordance with the Council approved fee schedule.

Recommendation:

All building permit fees should be calculated according to the Council approved fee schedule.

Management's response:

It should be noted that the audit report for FY14 was issued in October 2015, which was after the end of FY15, therefore there was no opportunity to correct the FY14 finding (2014-06) carried over into this year as 2015-04 before the end of FY15. However, once the discrepancy was brought to our attention we immediately updated all rates within our system to reflect the Council approved fee schedule.

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

Significant Deficiencies (Continued)

2015-05 Finding – Lack of Controls over Receipts and Deposits:

During our test of receipts and billings, we noted that two OHV permit receipts were not deposited in a timely manner.

Effect:

The lack of timely deposits of cash receipts increases the risk of misappropriation of deposits.

Recommendation:

We recommend deposits are made daily or in a timely manner.

Management's response:

We will ensure all OHV deposits come to City Hall within 2 business days of receipt. It should be noted however that once received at City Hall, the Treasurer physically counts the money to ensure accuracy and deposits the money in the bank no later than the following business day.

2015-06 Finding – Lack of documentation and/or verification of golf course operations:

During our audit we noted that there is no supporting documentation submitted to the City when the golf course operators submit revenue/expense reports. Also, the City has not conducted an internal or external audit on the golf course operations since 2010, to ensure compliance with the City's operating agreement.

Effect:

The City may not be receiving the correct amount due to them.

Recommendation:

We recommend that the City require supporting documentation for all expenses incurred by the golf course operators and that an audit be conducted to ensure compliance with the City's operating agreement.

Management's response:

It should be noted that this is something that the City brought to the attention of the auditors; per discussion with and recommendation of the auditors the City has required supporting documentation from the golf course operators on a quarterly basis for all of FY 15-16 and will continue to do so in FY 16-17 and beyond. Once received, the City Accountant vouches the claimed expenditures with the supporting documentation prior to issuing the quarterly reimbursement per the City's operating agreement with the golf course operator.

2015-07 Finding – Excessive bills for cellular phone services:

During our audit we noted numerous phone bills that had overages due to excessive texts and one bill contained international calling charges.

Effect:

The City is incurring unnecessary costs.

Recommendation:

We recommend that the City require all employees to reimburse the City for any overages or international calling charges if not for City business.

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

Significant Deficiencies (Continued)

Management's response:

This finding for excessive texts and international calls was something for which remedial action was taken based on a monthly review of the phone bills, not based on the finding noted here. That is, through a monthly review of the bills, the person responsible for the excessive texts and international calls was caught, reprimanded, and had his phone confiscated

2015-08 Finding – Lack of approval signatures on paid invoices:

During our test of cash disbursements, we noted that 3 paid invoices did not have approval signatures or lacked an authorized signature.

Effect:

The City is paying invoices without proper approval.

Recommendation:

We recommend that the City require all paid invoices to be approved by authorized signers.

Management's response:

Up until the issuance of the FY 14 Audit in October 2015, there were no official policies and procedures in place. Once the Audit was issued, we quickly moved to prepare an Accounting Policies and Procedures Manual which was approved in January 2016. Since then it has been implemented and consistently followed.

2015-09 Finding – Checks issued out of sequence:

During our audit we noted that checks issued out of the Bank of Sierra Successor Agency checking account appear to have been issued out of order (check #s 1125-1128 were issued after #1129).

Effect:

The Successor Agency issued checks out of sequence, which makes it difficult when reconciling the bank account and difficult to account for all of the checks.

Recommendation:

We recommend that all checks be issued in sequence, for proper controls.

Management's response:

We will ensure that all checks issued by the Successor Agency are in the proper sequence.

2015-10 Finding – Noncompliance with the City's Investment Policy:

During our audit we noted that the City is noncompliant with the City's investment policy in regards to money market funds not exceeding 20% of their investment portfolio.

Effect:

The City is not in compliance.

Recommendation:

We recommend that the City become compliant with the City's Investment Policy or modify the Investment Policy.

CURRENT YEAR RECOMMENDATIONS (CONTINUED)

Significant Deficiencies (Continued)

Management's response:

We will discuss with our broker why more than 20% of the City's funds were moved into money market funds and determine what the appropriate percentage of the City's investment portfolio should be in money market funds. We will then modify our Investment Policy accordingly.

STATUS OF PRIOR YEAR RECOMMENDATIONS

2014-01 Finding – Adjustments Detected by the Audit Process:

During our fieldwork, we noted that there were material adjustments detected by the audit process.

Effect:

Adjustments detected by the audit process indicated that there are weaknesses in the City's internal control structure and closing process, which increases the risk of material misstatement.

Recommendation:

We recommend that efforts be made by the City to enhance closing procedures.

Current Status:

Not implemented, see Finding #2015-01.

2014-02 Finding – Closing Process:

The City has no formal process for closing the year-end. We noted several circumstances where proper recording was not done and documentation to agree to the books and records was not maintained (e.g. accounts payable aging/subsidiary ledger).

Effect:

The City's books and records may be misstated and the possibility for misappropriation is greater without proper procedure.

Recommendation:

Proper internal control requires the City to have a formal closing process that is followed each year. Also, journal entries should be prepared and entered in a timely fashion. Proper documentation should be available to substantiate amounts recorded in the City's books and records.

Current Status:

Implemented.

2014-03 Finding – Documentation of Internal Control Policies and Procedures:

The City does not currently have its internal control policies and procedures over various functions of finance in written form. The City follows certain procedures based on verbal understanding, however, these should be documented in writing.

Effect

City staff whether old or new may not follow proper procedures in their daily job performance. This could cause a myriad of problems in the City's operations.

Recommendation:

The City should produce proper written policies and procedures for all departments.

Current Status:

Implemented.

STATUS OF PRIOR YEAR RECOMMENDATIONS (CONTINUED)

2014-04 Finding – Capital Asset Impairment:

During our audit fieldwork, we noted that the City has not performed an assessment of the net realizable value test on its capital assets.

Effect:

The City may be overstating capital assets and/or assuming liability and paying for liability insurance for impaired assets. Also the carrying amount may be overstated based on value.

Recommendation:

We recommend that the City review capital assets for an assessment of net realizable value on an annual basis or more often and obtain an evaluation of assets at least once a year.

Current Status:

Not implemented, see Finding #2015-02.

2014-05 Finding – Payroll Discrepancies:

During the test of internal controls over payroll, it was noted that for one out of 25 employees the pay rate on the payroll register did not agree with the pay rate on the Personnel Action Form. In addition, it was also noted that the person processing payroll also has the ability to change the pay rate.

Effect:

Employees could be paid at a different rate from their authorized rate. A misappropriation of funds could occur and go undetected if the payroll person is able to change rates.

Recommendation:

The rates should be changed by someone other than the person processing payroll and verified.

Current Status:

Partially implemented, see Finding #2015-03.

2014-06 Finding – Building Permit Fees:

During our test of receipts and billings, it was noted that buildings permits were not always calculated correctly through the Iworks System.

Effect:

Fees are not charged correctly in accordance with the council approved fee schedule.

Recommendation:

The Iworks System should be updated to calculate fees correctly.

Current Status:

Partially implemented, see Finding #2015-04.

2014-07 Finding – Lack of Controls over Receipts and Deposits:

During our audit procedures, we noted receipts are not deposited in a timely manner. We noted in our testing that the delay is up to 2 weeks before it reached the bank. Receipts are not given in any particular order to the customers. Also, it is difficult to reconcile the daily receipts to the money deposited by batch.

STATUS OF PRIOR YEAR RECOMMENDATIONS (CONTINUED)

Effect:

The lack of timely deposits of cash receipts increases the risk of misappropriation of deposits. Because receipts are not given in any particular order to the customers, there is no way to reconcile the deposits with the money received.

Recommendation:

We recommend deposits are made daily or in a timely manner. We also recommend that receipts are given to customers in numeric order so that there can be proper reconciliation of deposits.

Current Status:

Partially implemented, see Finding #2015-05.

2014-08 Finding – Journal Entries:

During our review of journal entries, it was noted that occasionally there was missing back-up information substantiating the entry.

Effect:

Without proper documentation, improper entries could be made in the system.

Recommendation:

Each journal entry should have appropriate back up to substantiate the entry.

Current Status:

Implemented.

2014-09 Finding – Inventory:

There is no perpetual or physical record of inventory values.

Effect:

Inventory may be misstated in the books and records and there is an increased risk of misappropriation without adequate records.

Recommendation:

A perpetual system should be implemented or at a minimum a physical count should be performed at year-end and possibly quarterly or semi-annually.

Current Status:

Implemented.

2014-10 Finding – Controls over Utility Billing:

During our audit we noted that one person had the ability to go into the System and make adjustments to the billing and accounts receivable without any review or authorization.

Effect:

Billings can be adjusted and receivables written off without proper authorization. This creates a segregation of duties problem which could also lead to a misappropriation of assets.

Recommendation:

All adjustments of write offs of billing ore receivables need to be reviewed and approved by management.

STATUS OF PRIOR YEAR RECOMMENDATIONS (CONTINUED)

Current Status:
Implemented.

Analysis of General Fund change in fund balance for FYE June 30, 2015

1,225,404.00	Net change in Fund Balance (per FY 14/15 Audited Financial Statements)
<u>(226,766.00)</u>	(Less) Transfers In
998,638.00	Excess of Revenues over Expenses
<u>(135,343.00)</u>	Insurance Proceeds
863,295.00	
<u>(57,237.00)</u>	Use of money and property
806,058.00	
<u>(5,793.00)</u>	Investment Earnings
800,265.00	
<u>(500,000.00)</u>	Litigation Settlement
300,265.00	
<u>(25,000.00)</u>	Other non-discretionary Misc Revenues
<u>275,265.00</u>	Net discretionary fund increase

Recommendation on use of discretionary fund net increase:

100,000.00	PERS Reserve Fund
150,000.00	Fire Station Remodel Project
<u>25,000.00</u>	PARSAC Rate Increase
<u>275,000.00</u>	Total discretionary fund net increase to be earmarked
<u><u>265.00</u></u>	Remaining funds from net discretionary fund increase

